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ABSTRACT

The training course has been prepared for personnel of the Navy and Navy Reserve studying for advancement to the rates of Ship's Serviceman third or second class. The Ship's Serviceman 3 specializes as a clerk, barber, cobbler, tailor, or laundryman. Ship's Serviceman 2 exercises administrative and management control over resale and service activities. The majority of billets of the type are aboard ship, so afloat procedures are of main concern. Chapter 1 discusses the Ship's Serviceman rating and how to qualify and prepare for advancement. Chapters 2-11 cover: the supply department; administration; appropriations and funds; procurement; inventory and stock control; receipt, custody, and storage; expenditures; resale activities; returns; and service activities. The document concludes with two appendixes: (1) a list of items that may be procured for stock, for resale, or use in the ship's store, and (2) a subject index. (Author/BP)

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SHIP'S SERVICEMAN 3 & 2

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BUREAU OF NAVAL PERSONNEL

RATE TRAINING MANUAL

NAVPERS 10286-F

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PREFACE

This book was prepared by the Training Publications Division, Naval Personnel Program Support Activity, Washington, D. C., for the Bureau of Naval Personnel. Technical assistance was furnished by the Navy Resale System Office, the Service School Command, San Diego, and the Naval Examining Center, Great Lakes, Illinois.

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THE UNITED STATES NAVY

GUARDIAN OF OUR COUNTRY

The United States Navy is responsible for maintaining control of the sea and is a ready force on watch at home and overseas, capable of strong action to preserve the peace or of instant offensive action to win in war.

It is upon the maintenance of this control that our country's glorious future depends: the United States Navy exists to make it so.

WE SERVE WITH HONOR

Tradition, valor, and victory are the Navy's heritage from the past. To these may be added dedication, discipline, and vigilance as the watchwords of the present and the future.

At home or on distant stations we serve with pride, confident in the respect of our country, our shipmates, and our families.

Our responsibilities sober us; our adversities strengthen us.

Service to God and Country is our special privilege. We serve with honor.

THE FUTURE OF THE NAVY

The Navy will always employ new weapons, new techniques, and greater power to protect and defend the United States on the sea, under the sea, and in the air.

Now and in the future, control of the sea gives the United States her greatest advantage for the maintenance of peace and for victory in war.

Mobility, surprise, dispersal, and offensive power are the keynotes of the new Navy. The roots of the Navy lie in a strong belief in the future, in continued dedication to our tasks, and in reflection on our heritage from the past.

Never have our opportunities and our responsibilities been greater.

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CHAPTER 1

ADVANCEMENT TO PETTY OFFICER

This training course has been prepared for men of the Navy and of the Naval Reserve who are studying for advancement to the rates of Ship's Serviceman 3rd or Ship's Serviceman 2nd class.

The Ship's Serviceman qualification used as a guide in the preparation of this training manual are those contained in Revision B of the Manual of Qualifications for Advancement, NAVPERS 18068.

NAVSUP vs. NAVSANDA

Because of reorganization of the Navy, the Bureau of Supplies and Accounts became the Naval Supply Systems Command, and the abbreviation was changed from BUSANDA to NAVSUP, and the prefix for supply forms was changed from NAVSANDA to NAVSUP. These forms are officially NAVSUP forms and are listed as such in NAVSUP Manual, volume I, chapter 5 and in the "T" cog catalog. In referring to supply forms, the terms NAVSANDA and NAVSUP are synonomous. As the forms are revised, the NAVSANDA prefix to the form number will be changed to NAVSUP, but the form numbers will remain the same.

In this book, the forms will be referred to as NAVSUP forms regardless of the prefix appearing on the forms in the illustrations and in actual use.

THE ENLISTED RATING STRUCTURE

The two main types of ratings in the present enlisted rating structure are general ratings and service ratings.

GENERAL RATINGS identify broad occupational fields of related duties and functions. Some general ratings include service ratings; others do not. Both Regular Navy and Naval Reserve personnel may hold general ratings.

SERVICE RATINGS identify subdivisions or specialties within a general rating. Although service ratings can exist at any petty officer level, they are most common at the PO3 and PO2 levels. Both Regular Navy and Naval Reserve personnel may hold service ratings.

THE SHIP'S SERVICEMAN RATING

The Ship's Serviceman rating is a general rating; there are no service ratings. Ship's Servicemen operate and manage resale activities, such as ship's stores, commissary stores, and Navy exchanges; service activities of the ship's stores and Navy exchanges, such as laundry and dry-cleaning facilities, vending machines, fountains, snackbars, and barber, tailor, and cobbler shops; and perform clerical and stock control functions for all activities operated.

As a Ship's Serviceman 3 you will specialize as a clerk, barber, cobbler, tailor, or laundryman. As a Ship's Serviceman 2 you will exercise administrative and management control over resale and service activities. The majority of these billets are aboard ship, so the afloat procedures should be your main concern.

To be a success in this rating, you must possess certain personal characteristics. Because of the many personal services you perform where you deal directly with the customer, you must be friendly and have the ability to get along with people. You must be patient and understanding because you are usually in a position where people want something you have or want you to do something for them. Above all, you must be honest and trustworthy. At almost all times you are entrusted with funds and with merchandise of considerable value. These items can be tempting and unless you are completely honest and trustworthy, you cannot be successful nor can you do the job you are entrusted to do.

Morale is a word having a great deal of significance in the Navy. How does a ship attain high morale? Many factors may be involved. A well run ship's store can make a significant contribution. If the ship's company is furnished the merchandise they need and desire, together with efficient laundry service, tailoring, shoe repair work, and barbering service, you can be sure that the overall morale of your ship will be greatly increased. You, as a Ship's Serviceman, are in a position to contribute a great deal toward this. So your job, whatever it may be, can contribute something toward this goal, thus fulfilling

the mission of a ship's store and of the Navy as a whole.

LEADERSHIP

As stated in General Order No. 21, successful leadership is based on personal example and moral responsibility and requires personal attention to and supervision of subordinates. As you prepare for advancement to SH3 and then to SH2, you will hear and read a good deal about your increasing responsibilities in connection with General Order No. 21. In addition to the general leadership required for all petty officers, there are applications of leadership to the duties of your rating.

Basically, your responsibilities for technical leadership arise from the very nature of your work. Technical leadership is more than just giving orders. In fact, you can demonstrate some of the most important aspects of technical leadership even when you are not required to tell anyone else what to do. As an SH3 or SH2, you demonstrate technical leadership when you follow orders exactly, when you observe safety precautions, when you accept responsibility, when you continue to increase your knowledge of the SH rating, and when you perform every detail of your work with complete integrity and reliability.

ADVANCEMENT

Some of the rewards of advancement are easy to see. You get more pay. Your job assignments become more interesting and more challenging. You are regarded with greater respect by officers and enlisted personnel. You enjoy the satisfaction of getting ahead in your chosen Navy career.

But the advantages of advancement are not yours alone. The Navy also profits. Highly trained personnel are essential to the functioning of the Navy. By each advancement, you increase your value to the Navy in two ways. First, you become more valuable as a specialist in your own rating. And second, you become more valuable as a person who can train others and thus make far-reaching contributions to the entire Navy.

HOW TO QUALIFY FOR ADVANCEMENT

What must you do to qualify for advancement? The requirements may change from time to time, but usually you must:

1. Have a certain amount of time in your present grade.
2. Complete the required military and rating manuals.
3. Demonstrate your ability to perform all the PRACTICAL requirements for advancement by completing the Record of Practical Factors, NAVPERS 1414/1. In some cases the Record of Practical Factors may contain the old form number, NAVPERS 760.
4. Be recommended by your commanding officer, after the petty officers supervising your work have indicated that they consider you capable of performing the duties of the next higher rate.
5. Demonstrate your KNOWLEDGE by passing written examinations on the occupational and military qualification standards for advancement. In addition to the military and occupational examinations, you must also pass a typing test. It is a 5-minute test, and you must achieve a speed of:

SH3 (clerk)	20	words	per	minute
SH2 (all)	20	words	per	minute

Some of these general requirements may be modified in certain ways. Figure 1-1 gives a more detailed view of the requirements for advancement of active duty personnel; figure 1-2 gives this information for inactive duty personnel.

Remember that the qualifications for advancement can change. Check with your division officer or training officer to be sure that you know the most recent qualifications.

Advancement is not automatic. Even though you have met all the requirements, including passing the written examinations, you may not be able to "sew on the crow" or "add a stripe." The number of men in each rate and rating is controlled on a Navywide basis. Therefore, the number of men who may be advanced is limited by the number of vacancies that exist. When the number of men passing the examination exceeds the number of vacancies, some system must be used to determine which men may be advanced and which may not. The system used is the "final multiple" and is a combination of three types of advancement systems.

Merit rating system
Personnel testing system
Longevity, or seniority, system

REQUIREMENTS*	E1 to E2	E2 to E3	#E3 to E4	#E4 to E5	†E5 to E6	†E6 to E7	†E7 to E8	†E8 to E9
SERVICE	4 [illegible] service—[illegible] completion of	6 mos. as E-2.	6 mos. as E-3	12 mos. as E-4	24 mos. as E-5.	36 mos. as E-6. 8 years total enlisted service.	36 mos as E-7. 8 of 11 years total service must be enlisted.	24 mos. as E-8. 10 of 13 years total service must be enlisted.
SCHOOL	Recruit Training.		Class A for PR3, DT3, PT3, AME 3, HM 3, PN 3, FTB 3, MT 3.			Class B for AGC MUC, MNC.††		
PRACTICAL FACTORS	Locally prepared check-offs.	Record of Practical Factors, NavPers 1414/1, must be completed for E-3 and all PO advancements.						
PERFORMANCE TEST			Specified ratings must complete applicable performance tests before taking examinations.					
ENLISTED PERFORMANCE EVALUATION	As used by CO when approving advancement.		Counts toward performance factor credit in advancement multiple.					
EXAMINATIONS**	Locally prepared tests.	See below.	Navy-wide examinations required for all PO advancements.				Navy-wide, selection board.	
RATE TRAINING MANUAL (INCLUDING MILITARY REQUIREMENTS)		Required for E-3 and all PO advancements unless waived because of school completion, but need not be repeated if identical course has already been completed. See NavPers 10052 (current edition).					Correspondence courses and recommended reading. See NavPers 10052 (current edition).	
AUTHORIZATION	Commanding Officer	Naval Examining Center						

* All advancements require commanding officer's recommendation.

† 1 year obligated service required for E-5 and E-6; 2 years for E-7, E-8 and E-9.

Military leadership exam required for E-4 and E-5.

** For E-2 to E-3, NAVEXAMCEN exams or locally prepared tests may be used.

†† Waived for qualified EOD personnel.

Figure 1-1.—Active duty advancement requirements.

REQUIREMENTS *	E1 to E2	E2 to E3	E3 to E4	E4 to E5	E5 to E6	E6 to E7	E8	E9
TOTAL TIME IN GRADE	4 mos.	6 mos.	6 mos.	12 mos.	24 mos.	36 mos. with total 8 yrs service	36 mos. with total 11 yrs service	24 mos. with total 13 yrs service
TOTAL TRAINING DUTY IN GRADE †	14 days	14 days	14 days	14 days	28 days	42 days	42 days	28 days
PERFORMANCE TESTS			Specified ratings must complete applicable performance tests before taking examination.					
DRILL PARTICIPATION	Satisfactory participation as a member of a drill unit in accordance with BUPERSINST 5400.42 series.							
PRACTICAL FACTORS (INCLUDING MILITARY REQUIREMENTS)	Record of Practical Factors, NavPers 1414/1, must be completed for all advancements.							
RATE TRAINING MANUAL (INCLUDING MILITARY REQUIRE MENTS)	Completion of applicable course or courses must be entered in service record.							
EXAMINATION	Standard Exam		Standard Exam required for all PO Advancements. Also pass Military Leadership Exam for E-4 and E-5.				Standard Exam, Selection Board.	
AUTHORIZATION	Commanding Officer		Naval Examining Center					

* Recommendation by commanding officer required for all advancements.

† Active duty periods may be substituted for training duty.

Figure 1-2.—Inactive duty advancement requirements.

The Navy's system provides credit for performance, knowledge, and seniority, and, while it cannot guarantee that any one person will be advanced, it does guarantee that all men within a particular rating will have equal advancement opportunity.

The following factors are considered in computing the final multiple:

Factor	Maximum Credit
Examination score	80
Performance factor (Performance evaluation)	50
Length of service (years x 1)	20
Service in pay grade (years x 2)	20
Medals and awards	15
	185

All of the above information (except the examination score) is submitted to the Naval Examining Center with your examination answer sheet. After grading, the examination scores, for those passing, are added to the other factors to arrive at the final multiple. A precedence list, which is based on final multiples, is then prepared for each pay grade within each rating. Advancement authorizations are then issued, beginning at the top of the list, for the number of men needed to fill the existing vacancies.

HOW TO PREPARE FOR ADVANCEMENT

What must you do to prepare for advancement? You must study the qualifications for advancement, work on the practical factors, study the required rate training manuals, and study other material that is required for advancement in your rating. To prepare for advancement, you will need to be familiar with (1) the Quals Manual, (2) the Record of Practical Factors, (3) a NavPers publication called Training Publications for Advancement, NAVPERS 10052, and (4) applicable rate training manuals. The following sections describe them and give you some practical suggestions on how to use them in preparing for advancement.

Quals Manual

The Manual of Qualifications for Advancement, NAVPERS 18068B (with changes), gives the minimum occupational and military qualification standards for advancement to each pay grade within each rating. This manual is usually called the "Quals Manual," and the qualifications themselves are often called "quals." The qualification standards are of two general types: (1) military qualification standards and (2) occupational qualification standards.

MILITARY STANDARDS are requirements that apply to all ratings rather than to any one particular rating. Military requirements for advancement to third class and second class petty officer rates deal with military conduct, naval organization, military justice, security, watch standing, and other subjects which are required of petty officers in all ratings.

OCCUPATIONAL STANDARDS are requirements that are directly related to the work of each rating.

Both the military requirements and the occupational qualification standards are divided into subject matter groups; then, within each subject matter group, they are divided into PRACTICAL FACTORS and KNOWLEDGE FACTORS. Practical factors are things you must be able to DO. Knowledge factors are things you must KNOW in order to perform the duties of your rating.

In most subject matter areas, you will find both practical factor and knowledge factor qualifications. In some subject matter areas, you may find only one or the other. It is important to remember that there are some knowledge aspects to all practical factors, and some practical aspects to most knowledge factors. Therefore, even if the Quals Manual indicates that there are no knowledge factors for a given subject matter area, you may still expect to find examination questions dealing with the knowledge aspects of the practical factors listed in that subject matter area.

You are required to pass a Navywide military/leadership examination for E-4 or E-5, as appropriate, before you take the occupational examinations. The military/leadership examinations are administered on a schedule determined by your commanding officer. Candidates are required to pass the applicable military/leadership examination only once. Each of these examinations consists of 100 questions based on information contained in Military Requirements for Petty Officers 3 and 2, NAVPERS 10056 (current edition) and in other publications listed in Training Publications for Advancement, NAVPERS 10052 (current edition).

The Navywide occupational examinations for pay grades E-4 and E-5 will contain 150 questions related to occupational areas of your rating.

If you are working for advancement to second class, remember that you may be examined on third class qualifications as well as on second class qualifications.

The Quals Manual is kept current by means of changes. The occupational qualifications for your rating which are covered in this training manual were current at the time the manual was printed. By the time you are studying this manual, however, the quals for your rating may have been changed. Never trust any set of quals until you have checked it against an UP-TO-DATE copy in the Quals Manual.

Record of
Practical Factors

Before you can take the servicewide examination for advancement, there must be an entry in your service record to show that you have qualified in the practical factors of both the military qualifications and the occupational qualifications.

The RECORD OF PRACTICAL FACTORS, mentioned earlier, is used to keep a record of your practical factor qualifications. This form is available for each rating. The form lists all practical factors, both military and occupational. As you demonstrate your ability to perform each practical factor, appropriate entries are made in the DATE and INITIALS columns.

Changes are made periodically to the Manual of Qualifications for Advancement, and revised forms of NAVPERS 1414/1 are provided when necessary. Extra space is allowed on the Record of Practical Factors for entering additional practical factors as they are published in changes to the Quals Manual. The Record of Practical Factors also provides space for recording demonstrated proficiency in skills which are within the general scope of the rating but which are not identified as minimum qualifications for advancement.

Until completed, the NAVPERS 1414/1 is usually held by your division officer; after completion, it is forwarded to the personnel office for insertion in your service record. If you are transferred before qualifying in all practical factors, the incomplete form should be forwarded with your service record to your next duty station. You can save yourself a lot of trouble by making sure that this form is actually inserted in your service record before you are transferred. If the form is not in your service record, you may be required to start all over again and requalify in the practical factors which have already been checked off.

NAPERS 10052

Training Publications for Advancement, NAVPERS 10052 (revised), is a very important publication for any enlisted person preparing for advancement. This bibliography lists required and recommended rate training manuals and other reference material to be used by personnel working for advancement.

NAVPERS 10052 is revised and issued once each year by the Bureau of Naval Personnel. Each revised edition is identified by a letter following the NavPers number. When using this publication, be sure that you have the most recent edition.

If extensive changes in qualifications occur in any rating between the annual revisions of NAVPERS 10052, a supplementary list of study material may be issued in the form of a BUPERS Notice. When you are preparing for advancement, check to see whether changes have been made in the qualifications for your rating. If changes have been made, see if a BUPERS Notice has been issued for supplement NAVPERS 10052 for your rating.

The required and recommended references are listed by pay grade in NAVPERS 10052. If you are working for advancement to third class, study the material that is listed for third class. If you are working for advancement to second class, study the material that is listed for second class; but remember that you are also responsible for the references listed at the third class level.

In using NAVPERS 10052, you will notice that some rate training manuals are marked with an asterisk (*). Any manual marked in this way is MANDATORY—that is, it must be completed at the indicated rate level before you can be eligible to take the servicewide examination for advancement. Each mandatory manual may be completed by (1) passing the appropriate enlisted correspondence course that is based on the mandatory training manual; (2) passing locally prepared tests based on the information given in the training manual; or (3) in some cases, successfully completing an appropriate Class A course.

Do not overlook the section of NAVPERS 10052 which lists the required and recommended references relating to the military qualification standards for advancement. Personnel of ALL

ratings must complete the mandatory military requirements training manual for the appropriate rate level before they can be eligible to advance.

The references in NAVPERS 10052 which are recommended but not mandatory should also be studied carefully. ALL references listed in NAVPERS 10052 may be used as source material for the written examinations, at the appropriate levels.

Rate Training Manuals

There are two general types of rate training manuals. RATING manuals (such as this one) are prepared for most enlisted ratings. A rating manual gives information that is directly related to the occupational qualifications of ONE rating. SUBJECT MATTER manuals or BASIC manuals give information that applies to more than one rating.

Rate training manuals are revised from time to time to keep them up to date technically. The revision of a rate training manual is identified by a letter following the NAVPERS number. You can tell whether any particular copy of a training manual is the latest edition by checking the NAVPERS number and the letter following this number in the most recent edition of List of Training Manuals and Correspondence Courses, NAVPERS 10061. (NAVPERS 10061 is actually a catalog that lists all current training manuals and correspondence courses; you will find this catalog useful in planning your study program.)

Each time a rate training manual is revised, it is brought into conformance with the official publications and directives on which it is based; but during the life of any edition, discrepancies between the manual and the official sources are almost certain to arise because of changes to the latter which are issued in the interim. In the performance of your duties, you should always refer to the appropriate official publication or directive. If the official source is listed in NAVPERS 10052, the Naval Examining Center uses it as a source of questions in preparing the fleetwide examinations for advancement. In case of discrepancy between any publications listed in NAVPERS 10052 for a given rate, the Examining Center will use the most recent material.

Rate training manuals are designed to help you prepare for advancement. The following suggestions may help you to make the best use of this manual and other Navy training publications when you are preparing for advancement.

1. Study the military qualifications and the occupational qualifications for your rating before you study the training manual, and refer to the quals frequently as you study. Remember, you are studying the manual primarily in order to meet these quals.

2. Set up a regular study plan. It will probably be easier for you to stick to a schedule if you can plan to study at the same time each day. If possible, schedule your studying for a time of day when you will not have too many interruptions or distractions.

3. Before you begin to study any part of the manual intensively, become familiar with the entire book. Read the preface and the table of contents. Check through the index. Look at the appendixes. Thumb through the book without any particular plan, looking at the illustrations and reading bits here and there as you see things that interest you.

4. Look at the trainirg manual in more detail, to see how it is organized. Look at the table of contents again. Then, chapter by chapter, read the introduction, the headings, and the subheadings. This will give you a pretty clear picture of the scope and content of the book. As you look through the book in this way, ask yourself some questions:

- What do I need to learn about this?
- What do I already know about this?
- How is this information related to information given in other chapters?
- How is this information related to the qualifications for advancement?

5. When you have a general idea of what is in the training manual and how it is organized, fill in the details by intensive study. In each study period, try to cover a complete unit—it may be a chapter, a section of a chapter, or a subsection. The amount of material that you can cover at one time will vary. If you know the subject well, or if the material is easy, you can cover quite a lot at one time. Difficult or unfamiliar material will require more study time.

6. In studying any one unit—chapter, section, or subsection—write down the questions that occur to you. Many people find it helpful to make a written outline of the unit as they study, or at least to write down the most important ideas.

7. As you study, relate the information in the training manual to the knowledge you already have. When you read about a process, a skill, or a situation, try to see how this information ties in with your own past experience.

8. When you have finished studying a unit, take time out to see what you have learned. Look back over your notes and questions. Maybe some of your questions have been answered, but perhaps you still have some that are not answered. Without looking at the training manual, write down the main ideas that you have gotten from studying this unit. Don't just quote the book. If you can't give these ideas in your own words, the chances are that you have not really mastered the information.

9. Use enlisted correspondence courses whenever you can. The correspondence courses are based on rate training manuals or on other appropriate texts. As mentioned before, completion of a mandatory rate training manual can be accomplished by passing an enlisted correspondence course based on the rate training manual. You will probably find it helpful to take other correspondence courses, as well as those based on mandatory manuals. Taking a correspondence course helps you to master the information given in the training manual, and also helps you see how much you have learned.

10. Think of your future as you study rate training manuals. You are working for advancement to third class or second class right now, but some day you will be working toward higher rates. Anything extra that you can learn now will help you both now and later.

SOURCES OF INFORMATION

Besides training courses, NAVPERS 10052 (series) lists official publications on which you may be examined. You should not only study the sections required, but should become as familiar as possible with all publications you use.

One of the most useful things you can learn about a subject is how to find out more about it. No single publication can give you all the information you need to perform the duties of your rating. You should learn where to look for accurate, authoritative, up-to-date information on all subjects related to the military requirements for advancement and the occupational qualifications of your rating.

The Ship's Serviceman rating covers an extremely wide range of subject matter, and it is doubtful if any one person knows all there is to know about it. Therefore, you may find it helpful to develop your own reference system covering various procedures. This reference system should not contain the "how" and "what" to do since procedures and reporting requirements change. It should contain the references so you will know where to look for the answer.

The procedures and methods set forth in this text should not be considered as taking the place of official publications and instructions.

Publications You Should Know

Many publications are described and referred to in this text, all of which the Ship's Serviceman must take into consideration if he is to perform his job properly. The following provide specific information on supply matters and procedures and will be the most frequently used:

- NAVSUP P-487
- Ship's Store Afloat Stock Catalog
- Ship's Store Contract Bulletin
- NAVCOMPT Manual, Volume 2

All publications are subject to change or revision from time to time—some at regular intervals, others as the need arises. When using any publication, be sure that you have the latest edition and that all changes have been entered. Studying canceled or obsolete information will not help you to do your work or to advance in rating; it is likely to be a waste of time, and may even be seriously misleading.

CHAPTER 2

THE SUPPLY DEPARTMENT

Welcome to the largest supply system in the world. Since you are going to be a Ship's Serviceman, it is necessary that you understand how to fit into this supply system.

This chapter will give you basic information about the ashore supply system and the afloat supply department, and it will also help you study the rest of this book. It is in two sections: the first on the ashore supply system, and the second on the supply department afloat. You will learn how the ashore supply system is organized, what functions it performs, and how the Ship's Serviceman assists in the operation of the afloat supply department.

As a Ship's Serviceman Clerk, Third Class, you may be assigned duty in any one of the following functional areas within the afloat supply department: ship's store office, bulk storeroom, or one of the retail activities. In later chapters these various functions and the duties associated with them are discussed separately and in detail. Here our primary interest is in seeing how the various functions that are performed at different command levels merge so that the supply system can accomplish its mission.

NAVY SUPPLY SYSTEM

The mission of the supply system is to support the material needs of the Operating Forces. The system itself is composed of a group of activities which furnish most of the materials required by the Navy. To meet its objective of supporting the material needs of the Operating Forces, the supply system is responsible for the procurement, distribution, inventory control, and stowing of all materials except ammunition. To ensure efficiency in carrying out this assigned function, the Navy Supply System is organized into three basic elements: the NAVAL SUPPLY SYSTEMS COMMAND (NAVSUP), INVENTORY CONTROL POINTS (ICPs), and the DISTRIBUTION SYSTEM.

NAVAL SUPPLY SYSTEMS COMMAND

The Naval Supply Systems Command (NAVSUP) supervises the procurement, receipt, custody, warehousing, issue, loading, unloading, and transportation of Navy supplies and materials, except for those items specifically assigned to other systems commands or offices. It develops plans and specifies procedures for the performance of supply functions afloat and ashore. It also administers and manages the Navy Stock Fund (NSF) and the Navy Resale Program, and it maintains official property records for material in store. NAVSUP exercises management control of field purchasing offices, ICPs, supply centers, depots, and other offices concerned with supply support.

INVENTORY CONTROL POINTS

The ICPs are responsible for inventory management, cataloging, procurement, and distribution of specific categories of materials. ICPs are under the joint control of NAVSUP and the technical systems command having primary responsibility for the material administered by that ICP. ICPs do not maintain stocks of material but are offices. ICPs must ensure a proper balance between the supply of and the demand for individual items of material required for the operation and maintenance of the Navy. To achieve this end, ICPs procure and distribute the material under their control. This is accomplished in the following manner:

- ICPs award contracts to commercial suppliers for large lots of items. The quantity and range of these items are determined by considerations such as rate of usage, the demands imposed by new equipments, and changes in tactics and operating procedures. For items already in the system, the quantity on-hand is compared with the rate of usage, and orders are placed when the on-hand quantity approaches the amount which will be consumed during the lead time for production and distribution. For items not in the system, contracts are usually awarded as a result of new developments, demands by the Operating Forces or as directed by the technical systems command having primary responsibility for the material administered by that ICP.

• ICPs exercise distribution control through delivery instructions on procurement contracts. The degree of control maintained depends upon the nature of the item. Some of the material is controlled only as long as it remains in system stock. Other items are controlled until they are issued for use. Since the ICPs have no physical contact with the material they control, the effectiveness of the control depends directly upon the quality of the reports submitted to them. Although a variety of special reports are used, most control action is based on transaction stock status reports submitted by the third element of the supply system, the distribution system.

THE DISTRIBUTION SYSTEM

The third element of the supply system, the distribution system is made up of supply centers, depots, and ashore supply departments.

The mission of these activities is to receive, stow, issue, and ship material as directed by the ICPs or as requested by other units. They are designated as "reporting" or "non-reporting" activities. The "reporting" activities render a daily stock status report to the ICPs. Using these reports as a basis, the ICPs compute the position of individual items of stock and take action to replenish (restock) these activities either through awarding contracts or by transferring stocks from other activities. "Non-reporting" activities, on the other hand, do not render such reports. They submit requisitions for the replenishment of their stock as required. As a rule of thumb, elements of the distribution system concerned with direct fleet support—e.g., coastal and overseas supply centers and depots,—are designated as "reporting" activities; while in-land naval stations, for example, are designated as "non-reporting" activities.

Articles of material moving through elements of the supply system must be identified. This is necessary so that operating units can request them, ICPs can procure them, and elements of the distribution system can stow them. This is accomplished by the assignment of a Federal Stock Number (FSN) to each article. The assignment of a FSN to an article of supply involves the Federal Catalog System, the Federal Supply Classification (FSC) System, and cognizance symbols. As an SH you must understand the symbols used in the construction of a FSN because the FSN is used as the method of identification for resale clothing items.

FEDERAL CATALOG SYSTEM

Most forms of material used by the military services have been standardized under the Federal Catalog System. This system requires that only one identification number be assigned for each item of material used by the Department of Defense and civil agencies of the Federal Government. The Federal Catalog System includes naming, describing, classifying, and numbering all items carried under centralized inventory control by the Department of Defense and the civil agencies, as well as publication of catalogs and stock and identification lists.

Material Classification.

The Federal Supply Classification (FSC) System is a commodity classification system designed to classify all items used by the Government. To accomplish this purpose, groups and classes have been established for the numerous commodities with emphasis on the items in the supply systems of the military departments.

As presently established, the FSC consists of 90 groups (some currently unassigned), which are subdivided into approximately 550 classes. Each class covers a particular area of commodities, in accordance with their physical or performance characteristics, or based on the fact that the items in the class are usually requisitioned or issued together.

So that each stock group may have 2 digits, the first group starts with 10. Below is a list of the most commonly used stock groups with titles.

Group	Title
20	Ship and Marine Equipment
31	Bearings
40	Rope, Cable, Chain, and Fittings
48	Valves
51	Handtools
52	Measuring Tools
53	Hardware and Abrasives
55	Lumber, Millwork, Plywood, and Veneer
59	Electrical and Electronic Equipment Components
62	Lighting Fixtures and Lamps
68	Chemicals and Chemical Products
73	Food Preparations and Serving Equipment
75	Office Supplies and Devices

Group	Title
79	Cleaning Equipment and Supplies
80	Brushes, Paints, Sealers, and Adhesives
83	Textiles, Leather, Furs, Apparel and Shoe Findings, Tents, and Flags
84	Clothing, Individual Equipment, and Insignia
85	Toiletries
89	Subsistence

These stock groups cover rather broad categories of material. Therefore, they are further divided into classes. Below is an example of how the classes are used to divide types of material within a stock group.

Group/Class	Title
84	Clothing, Individual Equipment, and Insignia
8405	Outerwear, Men
8410	Outerwear, Women
8415	Clothing, Special Purpose
8420	Underwear and Nightwear, Men
8425	Underwear and Nightwear, Women
8430	Footwear, Men
8435	Footwear, Women
8440	Hosiery, Handwear, and Clothing Accessories, Men
8445	Hosiery, Handwear, and Clothing Accessories, Women
8455	Badges and Insignia
8460	Luggage
8465	Individual Equipment
8470	Armor, Personal

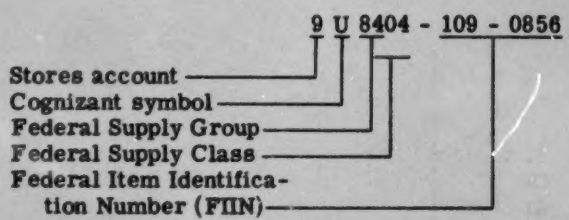
Federal Stock Number

The Federal Stock Number (FSN) is composed of an 11-digit number (0000-000-0000). The first four digits compose the FSC which you studied in the preceding paragraphs. The last seven digits form the Federal Identification Number (FIIN). The FIIN is not significant, which means it is assigned to a specific item of material and bears no relationship to any other FIIN. The FSC is used to group and classify similar types of material, but two similar items listed side by side in the catalog may have FIINs such as 541-4078 and 268-3579.

Cognizance Symbols

A two part cognizance symbol is used within the system to provide supply management information. These are 53 cognizance symbols currently in use although the majority of stock transactions aboard ship will be covered by cognizance symbols 1H, 1N, 1Q, 9C, 9G, 9Q, 9U, and 9Z. The first part of a cognizance symbol is a single number that denotes the stores account in which the material is carried in the supply system. The second part is a single letter code that designates the ICP that has cognizance, or inventory control of the material.

The following FSN illustrates all the elements of a FSN that have been discussed:



NAVY RESALE PROGRAM

While the preceding system covers the majority of the material needs of the ships, planes, and shore activities, there is another arm of the supply system that has responsibility for personal needs of Navy personnel, the Navy Resale Program.

The Navy Resale Program, through individual stores, service activities, and offices, serves the following purposes:

- Provides a convenient and reliable source from which personnel may obtain, at the lowest practicable cost, articles considered necessary for the health, comfort, or convenience of personnel and services necessary in day-to-day living.
- Provides, through accrued profits, a source of funds to be used for the recreation of naval personnel.
- Promotes morale.

Charged with the responsibility of administering the Navy Resale Program is the Navy Resale System Office (NRSO). Fleet Assistance Representatives, the Defense Personnel Support Center (DPSC), and the Navy Finance Center (NFC), Cleveland provide specialized assistance as indicated in the following paragraphs.

Navy Resale System Office

The Navy Resale System Office (NRSO), is similar in some respects to the ICPs already discussed. It is a NAVSUP managed activity, and performs the technical control functions of the resale program. It conducts research, develops new ideas, and advises the operating forces and elements of the shore establishment on operating the individual activities so that they may be improved. It issues the lists of items authorized for sale in the resale program, enters into agreements with commercial suppliers as to the quality and price of merchandise, and issues or causes to be issued the Ship's Store Contract Bulletins, Ship's Store Afloat Catalog, and other publications concerned with the displaying, and selling of merchandise. NRSO is different from other ICPs in that it does not actually purchase material or maintain a distribution system. It accomplishes its mission to procure and distribute materials by entering into agreements with commercial suppliers for the suppliers to deliver merchandise as and when requested by naval units. By entering into these open-end (no fixed quantity) and fixed price contracts, two things are accomplished; no money is expended at the time the agreements are made, and the distribution system is eliminated because the commercial suppliers hold the merchandise until it is ordered by naval units. NRSO is located in Brooklyn, N. Y.

Fleet Assistance Representatives

Representatives of NRSO are positioned in major fleet ports in the United States to act as fleet assistance representatives to provide assistance in ship's store afloat matters, and to ensure efficient and economical achievement in ship's store afloat operations. The assistance provided to individual ships by fleet assistance representatives is divided into the following functional areas:

- Procurement—In coordination with and at the request of naval supply support activities, the fleet assistance representatives may offer technical guidance in making selections and provide sources for all categories of authorized merchandise to ensure that quality merchandise, at the lowest practicable cost, is being made available to fleet personnel.
- Merchandising—Fleet assistance representatives usually assist ships in establishing an effective merchandising program so that proper merchandise is available in suitable quantities at the appropriate time, place, and price.
- Displaying—Fleet assistance representatives may make displays available to and instruct fleet personnel in the proper techniques and practices of displaying merchandise. This enables fleet personnel to operate an efficient ship's store through proper maintenance, use of signs, and arrangements, and presentation of merchandise.
- Modernization—Fleet assistance representatives may aid ships in the planning, designing, and equipping of the existing ship's store into a modern resale facility.

In addition to the above assistance, fleet assistance representatives may review security in receiving, storing, and issuing merchandise. Assistance in this area often proves helpful to ships in that it provides guidance to avoid such pitfalls as overbuying, underbuying, and excessive shortages.

Requests for Assistance—Ships and supply support activities desiring technical assistance or guidance from fleet assistance representatives may receive it by following the procedures contained in instructions promulgated by the applicable Service Force Commander. Visits to ships are made on an informal basis, and no formal report is made upon completion of the visit.

Defense Personnel Support Center

The Defense Personnel Support Center (DPSC) is an agency of the Defense Supply Agency (DSA). DSA itself was established to provide centralized management of common supplies and services for all military departments and other agencies of the Defense Department. Within DSA, offices are designated as ICPs for specific categories of material. One of these offices is the Defense Personnel Support Center (DPSC). Located at Philadelphia, Pa., DPSC manages items of resale clothing and related material sold or issued to authorized patrons for personal wear. Included are articles of men's and women's clothing, footwear, and uniforms. DPSC operates similarly to Navy ICPs and generally has the same responsibility for clothing items as Navy ICPs

have for items they manage. It is different from Navy ICPs in that DPSC is responsible for the inventory control functions for clothing and related items for ALL of the services and other DOD agencies, while Navy ICPs are responsible for a specific category of material for the Navy only.

DPSC provides inventory control for clothing and related items to the Navy through one of the Navy ICPs—the Fleet Material Support Office (FMSO). Located at Mechanicsburg, Pa., FMSO performs much in the same manner as other Navy ICPs. However, FMSO passes Navy requirements for resale clothing and related items to DPSC for procurement. In addition to this function, FMSO also:

- Establishes and controls the amount of stock in the distribution system.
- Designates activities as "reporting" or "non-reporting" activities.
- Prepares and promulgates Navy price lists for clothing items.

Navy Finance Center

So far in our discussion of the Navy Resale Program, we have been concentrating on the procurement and inventory control functions performed by elements of the system; however, each article of merchandise purchased must be accounted for. Most of the detailed accounting is done by receiving resale units. These units perform such functions as posting receipts and expenditures to stock and financial control records, and accounting for cash collected. Each resale activity must recap these individual transactions and render a consolidated report to an activity designated to receive them. This is done so that the Navy will have at a central office a record of its business transactions. The Navy Finance Center, located at Cleveland, Ohio, is designated as the central and audit activity for the resale program. It performs two vital functions in connection with these consolidated reports (called returns). The preparation and the submission of returns are discussed in chapter 10. The two functions are:

- NFC audits (checks) the returns for accuracy.
- It also reconciles the receipt and expenditure documents submitted with the returns with reports of charges and credits received from other activities.

Before going into the afloat supply department, it may be well to summarize the Navy Supply System ashore.

The overall mission of the supply system is to support the material needs of the operating forces. The ashore supply system is organized into three basic elements: NAVSUP, the ICPs, and the distribution system. NAVSUP, as the management systems command for the supply system, is responsible for developing plans, and specifies procedures for the performance of supply functions afloat and ashore.

The ICPs procure items in large quantities from commercial suppliers and control their distribution by shipment instructions on procurement documents and by requiring elements of the distribution system to render stock status reports.

The distribution elements of the supply system (supply centers, depots, and shore supply departments) receive, stow, issue, and ship material as directed by the ICPs or as requested by naval units. The method of identification of articles of supply moving through the supply system is the Federal Stock Number (FSN). An FSN consists of the Group, Class, and the FIIN.

The Navy Resale Program is designed to meet the personal needs of Navy personnel. This program, through individual resale stores, service activities, and offices, provides sources where personnel may obtain articles and services considered necessary for their health and comfort. It also provides through accrued profits a source of funds for the recreation of naval personnel, and it promotes morale. The Navy Resale Program is managed by the Navy Resale System Office (NRSO), with specialized assistance provided by: Fleet Assistance Representatives, the Defense Personnel Support Center (DPSC), and the Navy Finance Center.

- NRSO performs the technical control functions of the resale program. It issues the lists of items authorized for sale in the resale program, executes agreements with commercial suppliers as to the quality and price of merchandise, and publishes or causes to be published the Ship's Store Contract Bulletins, Ship's Store Afloat Catalog, and other publications dealing with the displaying and selling of merchandise. NRSO is different from other Navy ICPs in that it does not actually purchase merchandise or maintain a distribution system.
- Fleet Assistance Representatives are NRSO representatives positioned in major fleet

ports in the United States to provide assistance to ship's stores in resale matters. They provide assistance in the areas of procurement, merchandising, displaying, and modernizing.

- The Defense Personnel Support Center (DPSC) is an agency of the Defense Supply Agency (DSA) and is responsible for the procurement, inventory, and quality control of clothing and related items for the entire Defense Depa[illegible]ent. Acting as the Navy contact with DPSC [illegible] the Fleet Material Support Office (FMSO). In this Capacity, FMSO passes the Navy requirements to DPSC for procurement. It also prepares and promulgates the Navy price lists for clothing items.
- The Navy Finance Center (NFC) as the audit office for the resale program, checks returns submitted by Navy activities for accuracy and reconciles receipt and expenditure documents submitted with the returns with reports of charges and credits from other activities.

AFLOAT SUPPLY DEPARTMENT

An afloat supply department can be considered an extension of the ashore supply system. Basically the same functions that are performed by different elements of the ashore system are performed by an afloat supply department, but on a smaller scale.

AFLOAT SUPPLY FUNCTIONS

The supply department afloat is responsible for the procurement, receiving, inspection, storage, issue, and accounting for general stores, repair parts, equipage, equipment, ship's store stock, clothing, and subsistence items. In addition to these functions, the supply department is also responsible for operating the general mess, ship's store, soda fountain, laundry, barbershop, and disbursing office. On larger ships, the list could include a dry-cleaning plant, tailor shop, cobbler shop, and photo shop.

The supply department could well be called the service department, since most of the supply functions are accomplished by furnishing materials for the ship and services to members of the ship's crew. Since some of the terms just mentioned may not be familiar to you, here's a broad picture of what they are and what the supply department does:

- PROCUREMENT means to obtain material. Materials and services are obtained by the supply department by placing REQUISITIONS with Navy activities or PURCHASE ORDERS with commercial dealers.
- Materials are RECEIVED, INSPECTED, STOWED, and ACCOUNTED for when they come aboard.
- The supply department ISSUES materials to other departments.
- It operates the GENERAL MESS.
- It operates the SHIP'S STORE and SERVICE ACTIVITIES.
- It renders consolidated reports (RETURNS) for the general mess, ship's store, disbursing, and other stores in its custody.
- It DISBURSES money to pay the ship's crew, and other authorized persons.

As a Ship's Serviceman, you will be a part of the supply department. Aboard some ships you may stand "duty SH/PO" watches for the entire department, and as such you should understand the organization and functions performed by the department. By the same token, you as an SH will not have to be an expert in all phases of supply. However, you will need to know something about Navy material.

Terminology

First of all, you should know some of the meanings of common supply terms. Study the following definitions so that you understand each of them and can distinguish clearly between them.

- MATERIAL—The general term used to designate supplies, repair parts, equipment, and equipage used in the Navy.
- EQUIPMENT—Any functional unit of hull, mechanical, electrical, electronic, or ordnance type material which is operated singly or as a component of a system or subsystem.
- EQUIPAGE—Items of a durable nature which are generally identifiable to end-use application aboard a ship to the extent that an allowed quantity of an item can be determined on an individual ship basis. Aboard ship, equipage designates nonconsumable articles that are portable and not altered in use. Equipage usually has greater monetary value and greater functional importance than consumable type material.
- CONTROLLED EQUIPAGE—Selected items of equipage which require increased management control due to any one or a combination of the following:

1. High unit cost.
2. Vulnerability to pilferage.
3. Essentiality to ship's mission.

Controlled equipage is further designated as signature required or signature not required. On signature required controlled equipage items such as typewriters, adding, and calculating machines the head of the department responsible for the use of the equipment must sign a custody receipt. The head of the department may delegate the physical custody of material to subordinates in his department, but this delegation does not relieve him of his responsibility.

- REPAIR PARTS—Items appearing in an Allowance Parts List (APL) or similar parts list with or without an allowed quantity.
- CONSUMABLES—Administrative (pencils, pens, paper) and housekeeping (brooms, swabs, floor wax) materials or general purpose hardware, such as tools to repair equipment or equipage. Consumables have a limited life.
- SERVICES—Non-material requirements, such as equipment rental or repair, commercial telephone service, tug hire, ferry tickets, or similar services.

Consumables and services are grouped together for accounting purposes.

SUPPLY DEPARTMENT ORGANIZATION

The organization of a supply department afloat will vary according to the type of ship, its mission, and the number of men aboard. The services provided by the supply department range from operating the laundry to paying the ship's crew. In order to ensure efficiency in performing such a wide variety of tasks, afloat supply departments are organized into divisions, with each division assigned specific responsibilities. Before going into the functions performed by each division, we will discuss the head of the supply department—the supply officer.

Supply Officer

The supply officer is responsible for the overall operation and supervision of all divisions of the department. Although most of the functions may be delegated to other personnel in the department, the supply officer is still responsible for them. The officers and enlisted personnel to whom they are delegated are in turn responsible to the supply officer. The number of Supply Corps officers assigned to a ship is determined by the size of the ship and its mission. A large ship will have a senior Supply Corps officer as the supply officer with one or more junior Supply Corps officers as assistant supply officers who are responsible for part of the department functions. Smaller ships such as destroyers may have only one Supply Corps officer assigned and he will be responsible for the supervision of all functions of the department.

The supply officer and the assistant for disbursing (if assigned) are ordered to these billets by name by the Chief of Naval Personnel. Other assistant supply officers may be assigned to specific duties as the supply officer sees fit except that assignments involving financial accountability for ship's store and subsistence must be approved by the commanding officer. Assistant supply officers are responsible for the direct supervision of their divisions, but this does not relieve the supply officer of his overall responsibility for the proper operation of the department.

Small ships, such as mine sweepers and fleet tugs, do not have Supply Corps officers assigned. On these ships a line officer appointed by the commanding officer performs the required supply duties. Ships are designated as Ships With Supply Corps Officers and Ships Without Supply Corps Officers, in accordance with the mission of the ship or the degree of inventory management (custody and control) exercised over the storeroom stocks by the supply officer.

SHIPS WITH SUPPLY CORPS OFFICERS

In ships with supply corps officers, material for the general use of all departments of the ship, or for transfer to other ships, is maintained in a storeroom or other space under the custody and inventory control of the SO. Individual stock cards are maintained for every item in the storerooms.

Figure 2-1 shows the four divisions of the supply department of a ship with one or more Supply Corps officers attached. These divisions are:

1. Food service
2. Disbursing
3. Stores
4. Ship's store

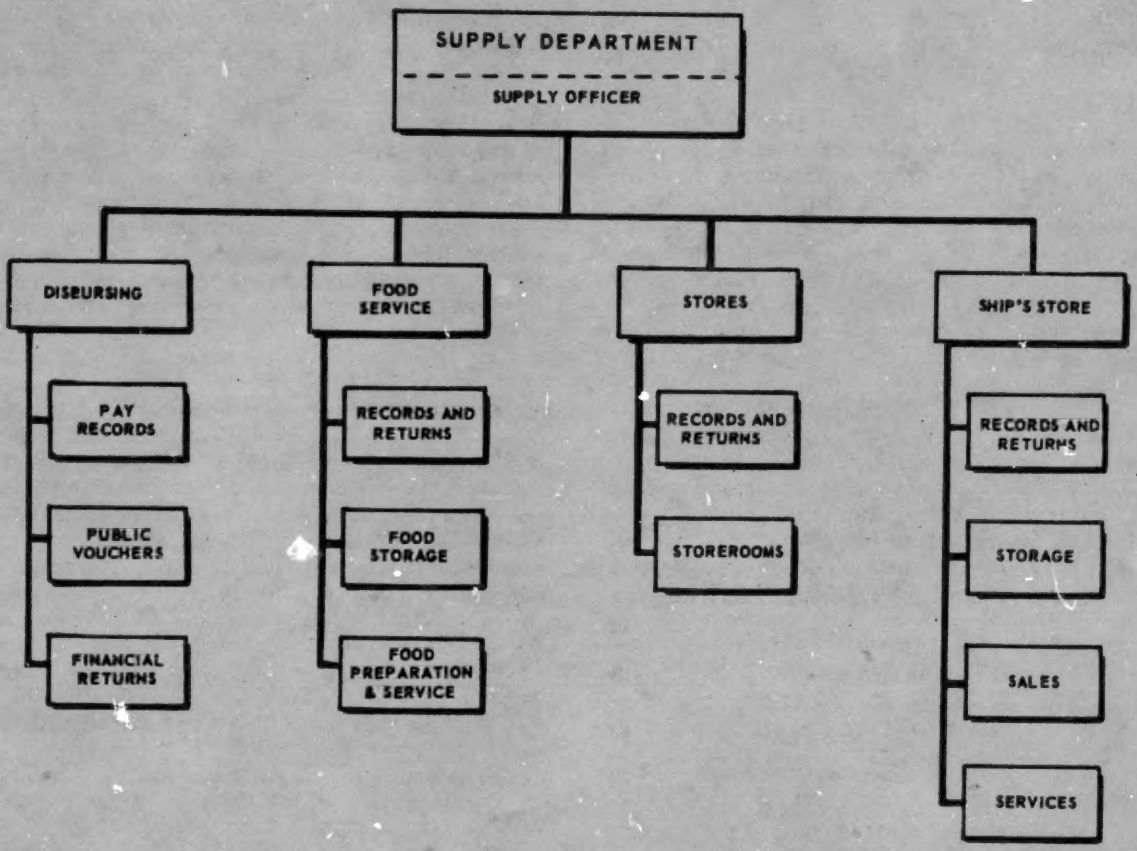


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Figure 2-1.—Typical supply department of a ship with supply corps officers.

Food Service Division

The food service division operates the general mess. It receives, stows, and issues subsistence items, and submits required reports and returns. The division usually is manned and operated by men of the Commissaryman (CS) rating.

Disbursing Division

The disbursing division collects and disburses all public funds aboard ship and performs all afloat pay and allowance functions. Specifically, it maintains officer and enlisted personnel pay records, pays public vouchers, and prepares and submits reports and returns. The disbursing division usually is manned and operated by men of the Disbursing Clerk (DK) rating.

Stores Division

The stores division receives, stows, and expends general stores and repair parts. It also prepares correspondence, reports, returns, and all necessary records. There are two sections in the stores division: (1) records and returns, and (2) storerooms.

The records and returns section requisitions general stores and repair parts, and maintains office records for general stores, repair parts, and equipage. It performs operating target accounting functions and maintains stock records. In addition, this section prepares correspondence and reports.

The storerooms section receives, stows, and issues general stores and repair parts. It also maintains assigned spaces and all records pertaining to the operation of the section.

The stores division is usually manned and operated by men of the Storekeeper (SK) rating.

Ship's Store Division

The ship's store division procures, stows, issues, and sells clothing items, ship's store stock, and operating supplies. It operates the ship's store resale and service activities, as well as the clothing bulk and retail store. It maintains required records, and prepares necessary reports, returns, and correspondence.

Organization of Ship's Store Division

As you study figure 2-2, notice that the ship's store division is divided into four sections. Since you as a Ship's Serviceman will be assigned to this division, you must understand its operation. The four sections—records and returns, storage, sales, and services—of the ship's store division perform broad duties as indicated.

Records and Returns Section.—Records and returns functions include the stock replenishment for ship's store stock and operating supplies; maintenance of office records; and preparation of related correspondence, reports, and returns.

Storage Section.—Storage functions include the receipt, storage, and issue of ship's store stock and operating supplies, and maintenance of related records and assigned spaces.

Sales Section.—The sales functions include the operation of the ship's store, clothing store, and maintenance of prescribed records and assigned spaces.

Services Section.—Service functions include the operation of the various ship's store service activities (laundry, barbershop, tailor shop, cobbler shop, vending machines, fountain, and the dry-cleaning plant) and maintenance of prescribed records and assigned spaces.

Assignment of Personnel

Assignment of personnel to the various sections in the ship's store division is determined by the type of operation, the volume of business transacted, and the degree of service the commanding officer considers necessary for morale. However, there are certain rules that must be followed in the assignment of personnel. These are:

- Personnel assigned to, or having access to, the retail sales outlets, bulk storeroom, or service activities must not be assigned to office duty that involves maintaining office records.
- When circumstances dictate, the type commander, upon request of the commanding officer, may authorize more than one person to operate the same retail outlet or service activity.
- When improved utilization of personnel will result, the same person may be placed in charge of retail stores, the bulk storerooms, and the vending machines. Usually in making this assignment, consideration is given to the physical layout of the spaces and the hours of operation in order to provide maximum utilization of personnel and maximum service to the crew.
- When improved utilization of personnel will result, the same person may be placed in charge of a service activity and the bulk storerooms for that activity.

Once assigned, personnel in charge of the various sections are responsible to the ship's store officer or an officer assistant for the proper operation of the activity and for strict compliance with cash handling procedures.

Wardroom Mess

Although the supply officer does not exercise direct control over the wardroom mess, men of the Steward rating (SD) are normally assigned to the supply department for administrative purposes. These men are responsible for officer's country and preparation and service of food in the wardroom mess.

SHIPS WITHOUT SUPPLY CORPS OFFICERS

In ships without Supply Corps officers, the commanding officer designates a line officer for duty as supply officer to assist in the proper performance of supply functions aboard ship.

As stated earlier, the primary difference between ships with Supply Corps officers and ships without Supply Corps officers is the degree of inventory management (custody and control) exercised over the storeroom stock by the supply officer. In ships with Supply Corps officers,

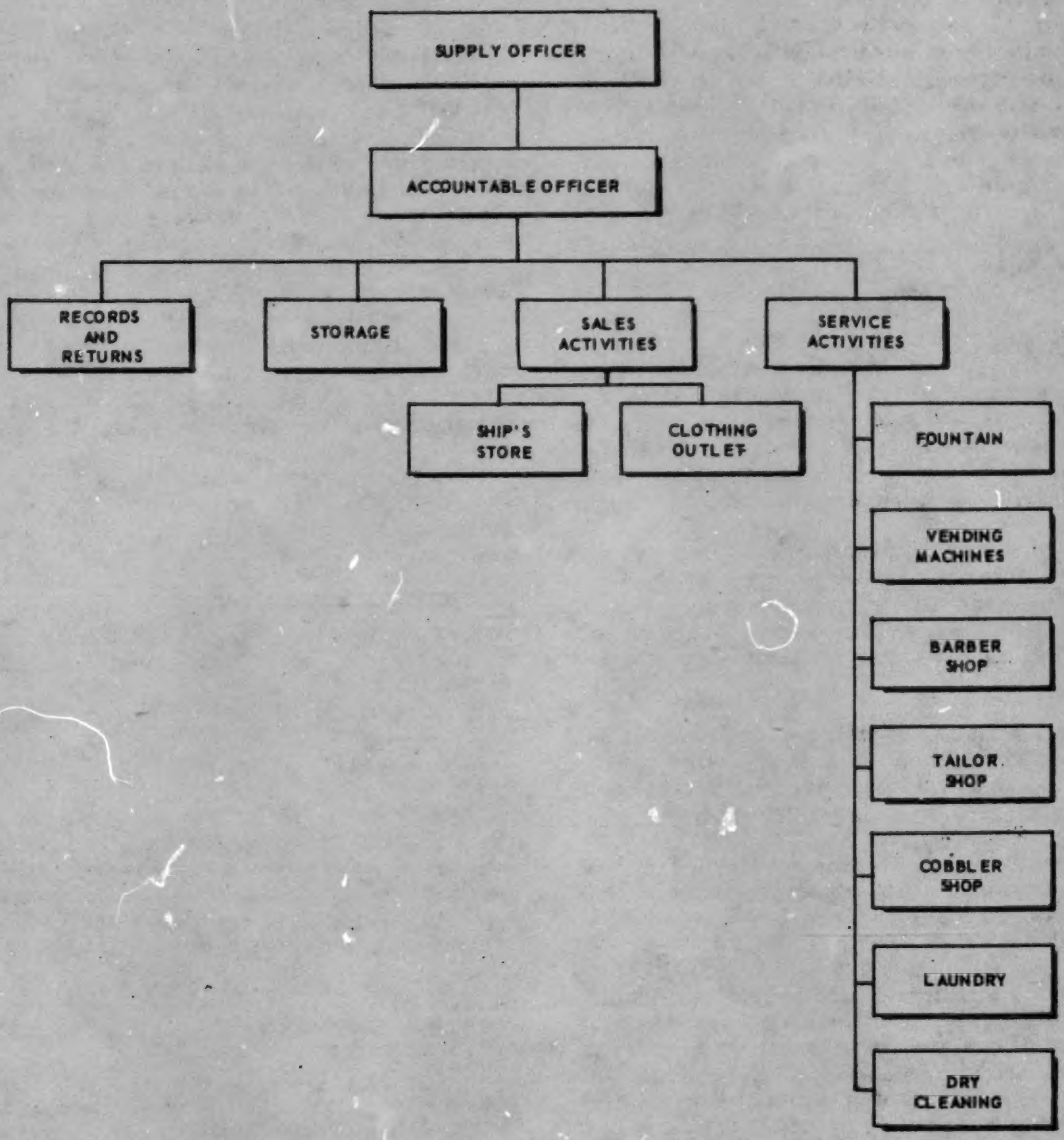

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Figure 2-2.—Typical ship's store organization chart.

material for the general use of all departments of the ship, or for transfer to other ships, is maintained in a storeroom or other space under the custody and inventory control of the supply officer. On ships without Supply Corps officers, general types of material are normally ordered for and are in the custody of the individual departments, and certain disbursing functions are not performed.

There are other significant differences, but your duties as a Ship's Serviceman will be much the same regardless of the type of ship in which you serve. The procedures set forth in this book will apply to both the ships with Supply Corps officers and those without unless an exception is noted. In these instances both procedures are given.

CHAPTER 3

ADMINISTRATION

Ship's Servicemen designated as clerks nearly always have some office duties. Assignment to an office requires you to have a variety of skills. For instance, you must know how to operate office machines and how to care for them properly. You must be familiar with various types of letters, publications, and how to prepare and file correspondence. In addition to this, you must maintain records and submit required reports and returns.

In this chapter, we will describe general office procedures, correspondence, publications, and office machines used in a ship's store office. An understanding of these is a must if you are to perform your duties properly.

GENERAL OFFICE PROCEDURES

The general appearance of an office is greatly affected by such a simple thing as putting things away from day to day. It will be one of your responsibilities to see that articles used in the day's work are put back where they belong. In securing the office for the night, all gear and supplies must be properly secured and/or stowed to prevent damage to equipment or personnel injuries from flying missiles, should the ship encounter heavy weather.

Go through office baskets daily to see that things don't pile up in them or get mislaid.

See that supplies, such as ink and carbon paper, which may stain other materials, and all supplies that deteriorate rapidly, are put away properly.

Do not leave on the deck any equipment that might be damaged when the office is cleaned.

Avoid accumulation of loose papers, which may create a fire hazard. See that all gear is well secured. Dust every desk frequently. Don't let the dirt pile up until field day.

In putting away things others have been using or in dusting someone else's desk, use care and good judgment so that you don't lose or misplace anything. What may look to you like complete confusion may have order and meaning to the user of the desk. Observe the habits and preferences of those whose materials you handle. Time your cleaning and putting away activities to avoid interfering with their work. Do not disturb arrangements they have made or their papers.

ORGANIZATION AND LAYOUT

The amount of control you will have over physical conditions in your office will vary with the location and the type of duty. Conditions outside your control may determine the kind of office and equipment you will have. You may or may not have a choice in arrangement of furniture.

If you have occasion to arrange the office furniture, do some advance thinking and planning before you start moving things around. Place desks so that those who work at them will have enough light but so that they won't have to face the light. Avoid arranging desks so that anyone has his back to the reception area. Anyone in the office should be in a position to see and assist a visitor. Also when arranging desk location, keep the desks away from strong drafts, or you are likely to have a shortage in the office due to sickness. On the other hand, be sure there is enough working space for you to move around.

Think of the work that has to go on regularly, and place equipment where it can be used most conveniently and where work will flow in one direction, not crisscross the room.

Place tables or counters conveniently for handling supplies or assembling papers. Place files where they are handy for those who use them but where they are also separated as much as possible from general office traffic.

It should be possible to plan an arrangement which not only is convenient but also looks orderly and uncluttered. Keep things as simple as possible and set square and straight. There should be bookcases and special shelves for books, and other office publications to keep them from taking up workspace on tables and desks.

In your efforts at orderliness and good appearance, however, don't go overboard.

Remember that the office exists in order to get its work done and that too much emphasis on appearance may interfere with important functions. Within reasonable limits, the best arrangement is the one that will best facilitate the work.

YOUR OWN DESK

While the preceding discussion on general office procedures and organization and layout of an office may or may not be your responsibility, your own desk or working area is one place for which you are always responsible. Exactly how you arrange it will be governed by your own preference and the kind of work you are doing, but you should have an orderly plan. The plan suggested below would be suitable if you spend most of your time typing letters, procurement documents, or posting information to stock records. Your work may require that you provide space for other types of supplies, but the general principles will still be applicable.

- Keep pencils, erasers, paper clips, and other small articles in shallow drawers or trays.
- Insert slanted stationery trays in one of the upper drawers. Use a separate tray for each type of stationery or procurement document, placing the most frequently used at the front. If necessary to keep more than one type of stationery in a tray, use a piece of cardboard as divider, fastening a tab indicator on the top edge to show type of stationery below. Do not fill the trays too full or the stationery will become soiled and wrinkled.
- Keep carbon interleaved procurement (carbon between the sheets) documents in the bottom drawer to keep them from curling and also to keep from soiling the second and subsequent sheets.
- Keep unfinished work in a tray for that purpose. Consult your supervisor as to whether it shall be left on top of the desk or inside, at the end of the working day.
- Keep card files close when not posting to the cards.

CORRESPONDENCE

Official correspondence include all recorded communication sent or received by a person in the Department of the Navy in the performance of his duties. There are two types of letters used in the Navy: (1) the naval form, and (2) the business form. The supply department transacts considerable business with commercial firms, so you will need a knowledge of business form letters as well as naval form.

Department of the Navy Correspondence Manual, SECNAVINST 5216.5 contains procedures for preparation of official correspondence within the Navy. You should always consult the Correspondence Manual before preparing any letter that is not of a routine nature.

NAVAL FORMS OF CORRESPONDENCE

The naval letter, illustrated in figure 3-1, is the most widely used form of correspondence in the Navy. It provides a formal means of correspondence between commands and may be used for corresponding with other agencies (both governmental and civilian) that are familiar with the style.

The speedletter is used for urgent communication which does not require electrical transmission. The speedletter is shown in figure 3-2. The primary purpose of a speedletter is to call attention to the communication, to impress upon the mind of the receiver the necessity for prompt action.

You should also be familiar with the following types of correspondence which are used throughout the Navy.

Joint Letter

A joint letter is a naval form of correspondence used when two or more commands originate a letter concerning a particular subject or administrative problem common to both.

Multiple-Address Letter

A multiple-address letter is a naval form of correspondence used to address two or more activities which are individually identified or addressed as a group.

Endorsement

An endorsement is used to approve, disapprove, or comment on the contents of a letter which is forwarded through one or more addressees before it reaches its final addressee. Generally, when space is adequate, an endorsement should be typed below the preceding communication. If you begin an endorsement on a

USS SIMON LAKE (AS33)
FPO New York 09501

*IN REPLY REFER TO
AS33:07:CMR
*9100
*Ser 271
2 Nov 1970

*AIRMAIL

From: Commanding Officer, USS SIMON LAKE (AS33)
To: Commanding Officer, Navy Resale System Office, Brooklyn, New York 11232
Via: Commander, Submarine Force, U. S. Atlantic Fleet

Subj: Authority to improve resale facilities; request for

*Ref: (a) NAVSUP Publication 487, Paragraph 1250-3

*Encl: (1) Sketch of area to be modernized
(2) Photographs of area to be modernized
(3) Location and size of immoveable obstructions

1. In accordance with reference (a), it is requested that authority be granted to improve the resale facilities aboard SIMON LAKE as outlined in enclosures (1), (2), and (3).

C. W. KELLEY
By direction

FF4-12:AEO
*9100
10 Nov 1970

FIRST ENDORSEMENT on SIMON LAKE ltr AS33:07:CMR ser 271 of 2 Nov 1970

From: Commander, Submarine Force, U. S. Atlantic Fleet
To: Commanding Officer, Navy Resale System Office, Brooklyn, New York 11232

Subj: Authority to improve resale facilities; request for

1. Forwarded approved.

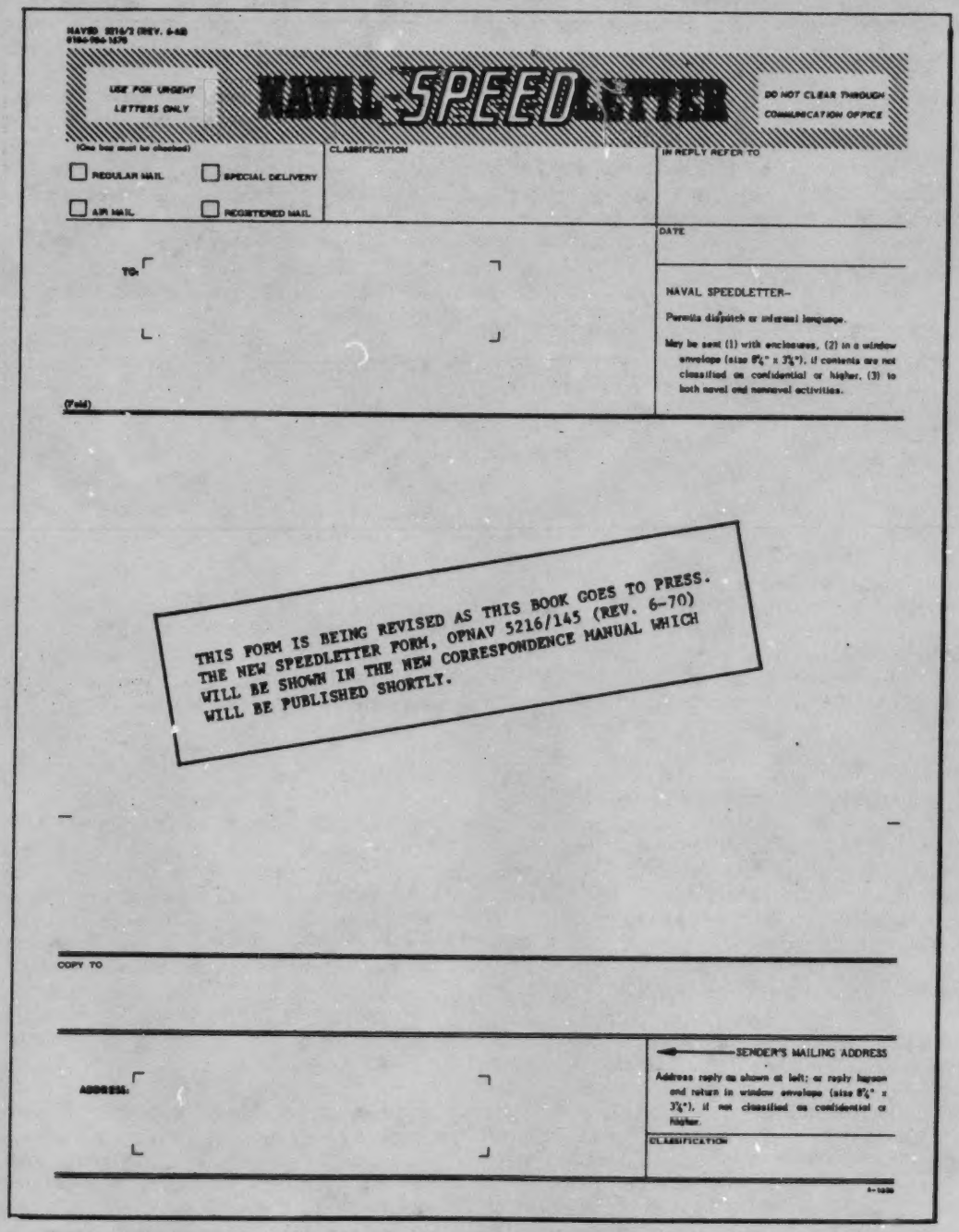
A. E. OWENS
By direction

Copy to:
SIMON LAKE

*INDICATES ITEMS THAT MAY NOT BE REQUIRED.

95.24

Figure 3-1.—Naval Letter and endorsement.


NAVSO 5216/2 (REV. 6-68)
0104-006-1670

USE FOR URGENT LETTERS ONLY

NAVAL SPEEDLETTER

DO NOT CLEAR THROUGH COMMUNICATION OFFICE

(One box must be checked)

☐ REGULAR MAIL ☐ SPECIAL DELIVERY

☐ AIR MAIL ☐ REGISTERED MAIL

CLASSIFICATION

IN REPLY REFER TO

DATE

TO:

NAVAL SPEEDLETTER—

Permits dispatch or informal language.

May be sent (1) with enclosures, (2) in a window envelope (size 8⅝" x 3⅝"), if contents are not classified as confidential or higher, (3) to both naval and nonnaval activities.

(Fold)

THIS FORM IS BEING REVISED AS THIS BOOK GOES TO PRESS. THE NEW SPEEDLETTER FORM, OPNAV 5216/145 (REV. 6-70) WILL BE SHOWN IN THE NEW CORRESPONDENCE MANUAL WHICH WILL BE PUBLISHED SHORTLY.

COPY TO

ADDRESS:

SENDER'S MAILING ADDRESS

Address reply as shown at left; or reply hereon and return in window envelope (size 8⅝" x 3⅝"), if not classified as confidential or higher.

CLASSIFICATION

95.28

Figure 3-2.—Speedletter.

separate page, use letterhead paper for the original copy. A form of endorsement is shown in figure 3-1.

Message

A message is an official communication in brief form transmitted by rapid means. While it is important to be brief in a message, do not sacrifice clear meaning just to have a brief message.

Memorandum

A memorandum is an informal means of communication between divisions, branches, sections, or individuals within the same command. The format and extent of use is determined by the originator.

FEATURES OF NAVAL LETTERS

A naval letter has no salutation or complimentary close. Instead it has a definite format of its own. The date of the letter is the date of signature, by day, month, and year, in that order. All margins and space between parts of heading and paragraphs are standardized. Punctuation is used as sparingly as possible. Study carefully the details of format of a naval letter in figure 3-1.

The body of a naval letter contains the substance or essential facts of the communication in simple, concise, impersonal, and tactful language. There should be no repetition. Each paragraph should express one complete thought in logical sequence. If necessary to add to the clarity of a letter, put tables, diagrams, and sketches in enclosures.

If a letter is in reply to another letter, answer all questions, expressed or implied.

When drafting a letter to superiors of the person who will sign it, be careful about respect and courtesy due them. For example, a junior officer always invites attention to a special matter; he does not direct attention to.

It is a good idea always to make a rough draft of a letter (double-spaced for convenience in correcting) for the supply officer to check and review, as desired. Then type the letter single-spaced with his suggestions included.

Official correspondence should be typed or printed; but if no typewriter is available, it may be written legibly in longhand.

Official correspondence is forwarded through the chain of command or control, unless otherwise stated by Navy Regulations or competent authority.

The Navy Correspondence Manual establishes the elements that make up the Navy letter and the format they are to follow. These elements are discussed below and should be followed when preparing correspondence. While a sloppy letter may convey the same information as a neat one, the appearance of a letter reflects the attitudes and abilities in the originating office, and official correspondence should be carefully prepared.

Stationery

Letterhead stationery is used for the first page of a naval letter. If printed letterhead is not available, the letterhead may be stamped or typed in the center of the page, 4 lines from the top. If the letter contains more than one page, plain bond is used for the additional pages.

Margins

All margins are 1 inch. These include the left margin, right margin, top margin on second and subsequent pages, and bottom margin when the letter fills a complete page.

Identification Symbols.—When a "Refer to" line is printed on the stationery, it governs the location of the identification symbols. The originator's code and file number (if used) are typed beginning on the first line below and blocked with the "Refer to" line. The serial number, if used, and date are typed or stamped on succeeding lines and blocked with the "Refer to" line. If a "Refer to" line is not printed on the paper, the symbols are placed on the right side of the page, 1 line below the last line of the letterhead, beginning 2 inches from the right edge of the paper, and in the same sequence as above.

Originator's Code.—This code is formed according to local procedures and serves as the basic identification symbol of the letter. Aboard ship, it is usually the hull number of the ship and may contain a department identification code.

File Number.—(Optional) The file number or symbol representing the actual file location of the correspondence.

Serial Number.—A serial number is required on all classified correspondence and is optional for unclassified correspondence. The serial appears on an unclassified letter as "Ser 1" with a new series of numbers started for each calendar year. The abbreviation "Ser" is typed, without punctuation, and the serial number may be typed or stamped depending upon local practice.

Date.—The date is expressed as day, month, and year. The day and year are expressed as numerals, and the month may be spelled out or abbreviated. However, no punctuation is used. The date could appear as 1 June 197_, 1 Jun 197_, or 1 JUN 197_. Since the letter should be dated on the day it is signed, most offices prefer to use a date stamp instead of typing the date.

"From" Line.—The "From" line is normally typed 7 lines below the last line of the letterhead and identifies by title the official in authority over the activity or other organizational unit having cognizance over the subject covered by the letter, name of the activity, and address if required.

"To" Line.—Typed immediately below the "From" line, the "To" line identifies the official, name of activity, and address to whom the letter is being addressed.

"Via" Line.—When the letter is to be sent via other activities for comment before reaching its destination, this fact is indicated by the "Via" line. The official, name of activity, and address is shown just as in the "To" line. When more than one "Via" addressee must be shown, they are identified by (1), (2), et cetera, and are listed in the order in which they are to receive the letter.

"Subj" Line.—The "Subj" (subject) line is a brief statement of the subject covered by the letter. It is typed 2 lines below the preceding line of typing.

"Ref" Line.—When writing a letter, it is often necessary to refer to previous correspondence or manuals. These references are listed in the order in which they are discussed in the body of the letter and are identified by (a), (b), (c), et cetera. The reference caption is typed 2 lines below the last line of the subject and is typed as "Ref" regardless of the number of references listed. When more than 1 reference is cited, each is started on a new line immediately below the preceding line.

"Encl" Line.—The "Encl" caption is used when an enclosure or enclosures are submitted with the letter. It is typed 2 lines below the preceding line of typing. Enclosures are numbered with Arabic numerals in parenthesis; (1), (2), et cetera.

Text.—Major paragraphs are numbered at the left margin with Arabic numerals followed by a period. Two spaces are allowed between the period and the beginning of the first word. The text of the letter is single-spaced, with double spacing between paragraphs and subparagraphs.

Signature.—The name of the official signing the letter is typed or stamped beginning in the center of the page and 4 lines below the last line of the text. The name is typed in capital letters. As a rule, the rank or functional title is not shown.

Second Page.—When the length of the letter requires a second page, the originator's code and file number or serial number is typed beginning 1 inch from the top and 2 inches from the right of the page. If neither file number nor serial number is used, the subject line is repeated 2 lines below the preceding line of type, and the text is continued 2 lines below the last line of the subject. If more than two pages are required, the additional pages are likewise identified. In addition, the second and subsequent pages must be identified by page numbers. They are placed in the center of the page 1/2 inch from the bottom.

Copies.—Before beginning to type a letter, you should know how many copies are needed. Requirements for copies of naval letters are determined by such factors as subject of the letter, type and number of addressees, and local filing practices. The necessary number of copies must be determined separately for each letter, the following listing will assist you:

Number	Color	Purpose
1	Green	For official Files.
1	White	For each "Via" addressee.
1	White	For each "Copy to" addressee.

The numbers of copies should be kept to minimum requirements.

BUSINESS FORM LETTER

A business form letter should be used when writing to persons or agencies outside the Department of the Navy who are not familiar with the naval form of letter. Although most business letters are similar in form and style, the Correspondence Manual prescribes the type you should use. Figure 3-3 shows the basic style of business letter.

FILES

Files and records are an important part of efficient office operations. You will frequently have to go to the files for a copy of a letter or report for reference. Unless your filing is kept up to date and done carefully, you will not be able to find documents when you need them. Also, it is important that you use the standard Navy filing system so that others will understand the files when you are on leave or transferred.

NAVY FILING SYSTEM

The standard subject numerical and name-title codes, contained in SECNAVINST 5210.11, Department of the Navy Standard Subject Identification Codes, provide the basic classification structure for identifying and filing records. They cover most subjects found in general correspondence and other subject files and reflect the functions and major organizational components of the Navy. Inasmuch as these same numbers are used for numbering other naval documents, such as reports and forms, directives, and so forth, by subject category, they also provide the basis for a single coordinated Navy-wide subject numbering system.

Numerical Subject Groups

There are 13 major numerical subject groups under the Navy's standard numerical table, each group is identified by a 4 or 5 digit numeric code. The major groups are:

1000-1999----Military Personnel
2000-2999----Communications
3000-3999----Operations and Readiness
4000-4999----Logistics
5000-5999----General Administration and Management
6000-6999----Medicine and Dentistry
7000-7999----Financial Management
8000-8999----Ordnance Material
9000-9999----Ship Design and Ship's Material
10000-10999---General Material
11000-11999---Facilities and Activities Ashore
12000-12999---Civilian Personnel
13000-13999---Aeronautical and Astronautical Material

These major groups are subdivided into primary, secondary, and sometimes tertiary (third) breakdowns. Primary subjects are designated by the last three digits (the hundred group) of the code number. For example, the major subject of Logistics, coded 4000, is subdivided into primary groups as follows:

4000	LOGISTICS
4000-4199	General
4200-4399	Procurement
4400-4499	Supply

Primary subjects are subdivided into secondary subjects by the last two digits of the numeric code. A third breakdown is indicated by the final digit. For example:

4400	General
4450	Storage
4451	Standards and Procedures

Name-Title Subject Codes

Material relating solely to specific organizations, transactions, titles, or names may be identified and filed under the pertinent symbol for the name or title contained in Section II, Name-Title Symbols, of SECNAVINST 5210.11, Department of the Navy Standard Subject Identification Codes. The Section II name-title symbols are alphabetic or alphabetic-numeric codes for names and titles frequently used by the Department of the Navy. They include symbols for fleet organizations, the U.S. Government, foreign government, commercial enterprises and firms, and types of naval activities.

The first letter of the name or title code designates the larger organization group, and the second or third letters a further breakdown of the larger group. For example, "NA" designates Naval Air Stations. The "N" is for the

*IN REPLY REFER TO
ONR:MB
*4710
6 Mar 1971

*AIRMAIL

Potomac Welding Company
Attention: Mr. John Apple
5382 River Street
Norfolk, Virginia 32648

Gentlemen:

A representative of this Office will be in Norfolk the last two weeks in March. A meeting with your contract officer, to discuss enclosure (1), can be arranged during this time.

Mr. W. W. Harper, our representative, can be reached then at the Lighthouse Hotel. If preferred, the meeting can be arranged prior to Mr. Harper's departure from Washington.

It is hoped that all details of the proposed contract can be agreed upon while Mr. Harper is in Norfolk.

Sincerely,

H. K. BALDWIN
*Commander, USN
Deputy
*By direction of the
Chief of Naval Research

*Encl:
(1) Contract guidelines

Copy to:
Mr. Harper

*INDICATES ITEMS THAT MAY NOT BE REQUIRED.

95.31

Figure 3-3.—Business Letter.

Naval Shore Establishment and the "A" for air stations.

An Arabic numeral added to the letter symbol further subdivides the code. For example:

FF FLEETS, FORCES, TYPES, AREAS AND SEA FRONTIERS
FF1 U.S. Fleet
FF2 U.S. Task Fleets

As you can see, standard subject identification codes provide a logical and orderly filing system that can be condensed or expanded to meet individual office needs without destroying its sequence. The size of a filing system is largely determined by the functions of your office.

TYPES OF FILES

This section pertains to the general files you will have in your office. Later chapters will cover the specific filing requirements of procurement, inventory management, expenditure, and accounting.

Correspondence Files

All correspondence received in your office should be filed as soon as required action has been taken or all interested persons have seen it. You should file it according to the practices in your office, not necessarily by the file symbol used by the originator. For all outgoing correspondence, a green manifold (tissue) copy is made and filed in the appropriate folder. If a serial file is maintained, you will file a second copy of all outgoing correspondence (usually a pink copy) in one folder by date or serial number of the letter.

The general file may also contain copies of reports that are prepared or received.

Material in this file may be "loose filed" or fastened in the folders in date order. Here again, you will be governed by the practices in your office.

You must use care in selecting the file title under which to place the material to be filed. If it is important enough to file, it should be placed where you or anyone else in the office can find it. The selection of the file should be based on the most important subject or the purpose of the document.

Message File

The message file is usually maintained on an arch board in date/time group (DTG) sequence. This number is placed on outgoing messages by communication personnel and is composed of the date of the month (2 digits), the time prepared for transmission (4 digits showing Greenwich Mean Time—commonly referred to as ZULU time), the three letter abbreviation of the month, and two digits showing the year. Thus a message sent out on the 8th day of June 197_ at 1600 Zulu would be shown on the message as Ø816ØØ JUN 7_.

The use of the "communication zero (Ø)" has been a common practice for many years in radio and visual messages. It has become necessary for supply use because of the requirements of mechanized records to distinguish between the letter "O" and the number "Ø".

If a message has lasting reference value, it may be filed in the correspondence file to prevent its loss.

Tickler File

A tickler file is simply a reminder of reports or actions that must be completed by a specified date. This file may be maintained on file cards, in file folders, or marked on a calendar. Any method can be effective if it reminds you of the job to be done in sufficient time to complete it by the required date.

PUBLICATIONS

The publications you will use can be divided into two types: procedural and technical. All operations of the Navy are governed by law and the procedural manuals have been developed to assist personnel of the Navy in performing their jobs properly. Efficient procedures have been developed which not only save time and mistakes but make communications between commands clearer and easier to understand. When personnel are transferred, uniformity makes it easier for each man to take up his new assignment where his predecessor left off. (This is not to say that all present procedures are the BEST that can be developed. If you can suggest improvements, bring them to the attention of your seniors, but meanwhile, follow the procedures prescribed.

Technical publications are necessary because of the wide range of material required to keep the Navy operating. Your use of technical publications will be primarily for identification of material.

The publications needed by ships and stations vary, but those described below are maintained and used by most of the supply departments afloat.

NAVY REGULATIONS AND GENERAL ORDERS

- Navy Regulations contains the basic regulations that govern the Navy. It defines the duties, responsibilities, authority, and relationships of the various bureaus, commands, offices, and individual officer billets. The bureaus, commands, and offices issue publications which spell out the details of compliance with Navy Regulations. These publications may expand and supplement Navy Regulations. There can be no conflict between Navy Regulations and any other publication issued in the Navy since any conflicting wording or regulation in the latter is automatically canceled.
- Navy Department General Orders are issued by the Secretary of the Navy as a supplement to Navy Regulations and have the same authority as Navy Regulations. The General Orders are decisions and policies that pertain to the entire Department of the Navy. They are usually filed in the same binder with Navy Regulations.

NAVSUP MANUAL

- The Navy Supply Systems Command (NAVSUP) Manual governs the operations of supply functions afloat and ashore, and is the main source of information for procedures to be followed and requirements that must be met. The manual and related publications are issued in six volumes each of which covers a particular area of supply. The volumes that will be of interest to you are listed and described below.
- NAVSUP Manual Vol. I, Introduction to Supply contains the organization and functions of the Navy Supply Systems Command and activities afloat and ashore under its management; general instructions regarding personal effects; information regarding material identification; publications and forms used in supply functions; and correspondence, records, and reports management.
- NAVSUP Manual Vol. II, Supply Ashore contains basic supply principles for NAVSUP-managed shore activities. This includes requisitioning and procurement, receipt, stock management, material expenditure, storage and material handling, and Navy excess and surplus personal property.
- NAVSUP P-485, Afloat Supply Procedures (formerly NAVSUP Manual Vol. III and Vol. VIII), contains supply procedures for ships. These include supply administration; procurement; material receipt, custody, and stowage; material expenditure; stock records and inventory control.
- NAVSUP P-487, Ship's Store Afloat (formerly chapter 9, NAVSUP Manual Vol. III), contains management procedures for ship's stores. These include procurement; material receipt, custody, and stowage; material expenditure; stock records and inventory control. This publication is used more in the shipboard ship's store office than any other, and you should become familiar with its content and arrangement.
- NAVSUP Manual Vol. IV, Retail Clothing Stores, and Commissary Stores provides the standards of operation of retail clothing stores, and commissary stores ashore operated by an officer of the Supply Corps. This manual does not cover operations aboard ship.
- NAVSUP Manual Vol. V, Transportation of Property contains policy and procedural instructions for all ashore activities shipping and receiving Navy property, including personal property of military and civilian personnel under official orders.

NAVCOMPT MANUALS

The Comptroller of the Navy (NAVCOMPT) issues manuals pertaining to accounting, financial management, and military pay and allowances. The volume you will use is discussed below.

- NAVCOMPT Manual Vol. 2, Accounting Classifications contains terminology, authorization, availability, structure, and other information regarding appropriations, funds, and accounts. Chapter 5 contains both alphabetical and numerical lists of unit identification codes (UIC) which are used to identify all activities in the Navy. This chapter may be filed in a separate binder.

NRSO PUBLICATIONS

As stated in chapter 2, NRSO is charged with the responsibility of administering the Navy Resale Program. In discharging this responsibility NRSO publishes or causes to be published various procedural publications. Below are some of the publications and a brief description of their content. In later chapters others will be discussed and explained.

- Ship's Store Afloat Stock Catalog contains descriptions and purchase information for authorized items of ship's store stock. Items listed are limited mostly to staple items that have no specific seasonal significance. Staple items include cameras and photo accessories, electrical appliances, hobby items-games, typewriters, uniform accessories, et cetera.
- Ship's Store Afloat Stock Catalog Special Merchandise Supplements contains special event and seasonal type merchandise. Items listed in the supplements include gift type merchandise for special occasions (Easter, Mother's Day, Christmas) and items being offered at reduced prices.
- NRSO Pub. 38, Ship's Store Afloat Display Guide contains information to assist ship's store personnel in planning, installing and maintaining an effective, efficient visual merchandising and display program, including the preparation of store signs. The guide contains information concerning signs, sign holders, plastic letters, and hours of operation decals. Supplements to the guide are promulgated from time to time listing such information as how to procure and use a sign making machine.
- Ship's Store Contract Bulletin is a fixed price indefinite quantity contract bulletin for use by ships. It is issued at the request of NRSO by a designated purchasing activity. It contains descriptions and purchase information for low cost authorized ship's store items of a recurring nature.

ICP PUBLICATIONS

Inventory Control Points publish or cooperate with elements of the Defense Supply Agency to issue various publications to help supply personnel identify material they manage. As a Ship's Serviceman you will be expected to have a working knowledge of the stock lists and catalogs on your ship. The following is a brief description of the types and purposes of regularly used references.

Coordinated Shipboard Allowance List

The Coordinated Shipboard Allowance List (COSAL) establishes equipage allowances for the ship and the storeroom allowance of repair parts for installed equipment. It covers all electronic, ordnance, electrical, and mechanical equipment on board your ship.

Stock Lists and Catalogs

The Federal Supply Catalog provides an economical and efficient means of supply management within the Department of Defense. Material that is used by more than one military service or Government agency is assigned to an inventory manager within the Defense Supply Agency. These managers then issue identification lists to provide information on all items they manage. Not all stock lists are found on all ships, but may be ordered as needed. To conserve printing costs and catalog space, the Federal Supply Catalog, which is used by the Navy, includes only those items that the Navy uses.

The Navy Management Data List (NMDL), Federal Supply Catalog Section C-ML-N, lists all Navy interest items and shows the price, unit of issue, and other management information.

The Master Cross Reference List (MCRL), Federal Supply Catalog Section C-RL-N, provides a cross-reference from manufacturers' part numbers to Federal stock numbers.

The Illustrated Shipboard Shopping Guide (ISSG) (NAVSUP Publication 4400) contains descriptions and Federal Stock Numbers of general purpose type material used in the Navy.

The Navy Stock List of Forms & Publications (NAVSUP Publication 2002) provides ordering information for all forms and publications printed and used in the Navy.

The General Services Administration (GSA) Catalog provides a quick reference for commonly used items since it is published in two volumes, each about the size of this text book. One volume contains hand tools and the other covers hardware, cleaning supplies, office supplies, and other material which has wide usage.

Clothing Price Lists are published by the Fleet Material Support Office. Separate price lists are provided for men's and women's clothing items. These lists are revised annually on 1 July and more often if necessary because of price changes and establish the

mandatory price for clothing items. They must be posted in all clothing stores where they can be seen by all patrons.

Manufacturers' Instruction Books are prepared by the manufacturers of all Navy equipment. They contain operating instructions, maintenance and test procedures, drawings, and parts lists. It is the latter that you will use in identifying repair parts. Instruction books are normally retained and used by the technical ratings. They will assist you in identifying the part number and nomenclature of the required part.

ORGANIZATION MANUALS

In addition to the publications above, your ship also prepares manuals for use of personnel in the performance of their duties.

The Ship's Organization and Regulations Manual is issued by the CO and outlines the military organization of the ship, the duties and responsibilities of the departments and divisions of the ship, the personnel allowances of the departments, and the emergency bills (general quarters, abandon ship, fire, etc.). This manual is very important to you in the performance of your military duties aboard ship.

The Supply Department Organization Manual is prepared by the supply officer to cover the responsibilities of the supply department. It may contain any or all of the following; organization of the department into divisions, professional duties and responsibilities of personnel, machinery operating instructions and safety precautions, and the flow of work and authority within the department. You should read and become familiar with the department manual to give you a better understanding of the specific responsibilities of your department and division. It will help you to do a better job.

This has been a very brief look at the publication that you will use most often. Most of them are covered in greater detail in later chapters. You cannot become an expert on publications by reading a few paragraphs about them; you must use them.

CHANGES TO PUBLICATIONS

Regardless of how well you have learned to use the various supply publications, if they aren't up to date you are wasting your time. Changes should be entered promptly when they are received, to prevent their loss and to ensure that the latest information is being used. There are different types of changes and the methods of entering them are different. Always read the accompanying instructions before making the change.

Pen-and-Ink Changes

These changes are usually distributed as a letter or notice and require you to change words and/or sentences in a publication.

Page Changes

Changes to the NAVSUP and NAVCOMPT Manuals and other publications requiring extensive changes are made by page changes. This involves removing an old page and inserting a new one in its place. Most of these changes will also include a list of "Effective Pages" or "Sheets in Force" which should be checked against the manual after the change has been made to ensure that all pages that should be in the manual are there.

Change Bulletin

This type of change is usually used for stock lists, catalogs, and cross-reference listings. The change bulletin will refer to the basic publication that it changes and will state whether it is cumulative or noncumulative. A cumulative change bulletin is one that contains all changes previously issued and the older bulletins should be discarded (Change Bulletin #3 replaces Change Bulletin #2 which should be destroyed). Noncumulative change bulletins must all be retained until the basic publication is reprinted. Always read the instructions BEFORE you make the change.

THE NAVY DIRECTIVES SYSTEM

Besides the publications described in the preceding section, your work as a Ship's Serviceman will be governed to a large extent by directives issued by the various commands, bureaus, and offices of the Navy Department, fleet and force commanders, district commandants, and local directives of your own ship or station.

These directives are issued in accordance with The Navy Directives System, SECNAVINST 5215.1 which sets forth the policies, responsibilities, and standards for the administration of the Navy Directives System.

PURPOSES OF THE SYSTEM

Use of this single Navy-wide numbering system for directives enables each naval activity receiving directives to:

- Group directives by subject and combine related subjects.
- Distinguish between directives of a continuing nature and those of a brief duration.
- Obtain complete sets of instructions upon activation or commissioning.
- Determine by use of periodic checklists, the current status and completeness of its set of directives.
- Determine by use of subject indexes, what directives are in effect on a subject.
- File directives and describe them as references by one easy method.
- Use the same numbering system for correspondence files as for directives.

Since the system serves so many useful purposes, you will find it important to become well acquainted with it.

TYPES OF DIRECTIVES

The directives system provides for two types of directives:

Instructions

Directives containing authority or information having continuing reference value or requiring continuing action. An instruction remains in effect until superseded or otherwise canceled by the originator or higher authority.

Notice

Directive of a one-time or brief nature with self-canceling provision that has the same force and effect as an instruction. Usually a notice will remain in effect for less than 6 months, but is not permitted to remain in effect for longer than 1 year.

IDENTIFICATION OF DIRECTIVES

For purposes of identification and reference, all directives are assigned a reference number which contains the abbreviated name of the originator, whether the directive is an instruction or notice, and a number from SECNAVINST 5210.11, Department of the Navy Standard Subject Identification Codes. The originator assigns consecutive numbers to each instruction from the standard numeric table to identify a specific instruction, (5215.1, 5215.2, 5215.3, et cetera). These consecutive numbers are not assigned to notices. Notices are identified by a 4 or 5 digit number from the standard numeric table and the date. Changes to instructions may be issued as pen-and-ink or page changes as described previously under Changes to Publications. If it becomes necessary to re-issue an instruction because of extensive changes, the same identifying number is used and in addition, a letter (also assigned consecutively) is added to the number. For example, the number of the Department of the Navy Standard Identification Codes, at the time this is written, is SECNAVINST 5210.11A. This indicates the first revision for this instruction. The original instruction was 5210.11. You will recall that in chapter one of this manual you were advised that it is your responsibility to make sure you have the latest revision of any directive or publication and that in referring to directives and publications here we do not use the letter which indicates the edition.

LABOR SAVING DEVICES

The labor saving devices (office machines) you use are important to your work since they save time and provide greater accuracy; however, they must be properly used and maintained.

The best source of information for the proper operation and routine maintenance of all labor saving devices is the manufacturer's instruction book received with the equipment. The instruction books for all equipment in your office should be kept in one place to ensure their ready availability.

TYPES OF LABOR SAVING DEVICES

Usually the type and the number of office machines you will have in your office are determined by the size and workload of the office. A typewriter, duplicating, adding, and calculating machines are considered standard equipment for most ship's store offices.

TYPEWRITERS

One of the most important office machines is the typewriter. It may be heavy and rugged

looking, but it is really a delicate instrument. Treat it like one and give it daily care. A machine in first class condition can be operated more quickly and easily, and it turns out better-looking work.

Observe the following routine procedures with your typewriter:

- Be sure your typewriter is properly placed on the desk, or secured to a well-type desk to prevent falling.
- In lifting the typewriter, grip it beneath the case, never by its carriage.
- When the typewriter is not in use, the carriage should be centered, pressure on the platen released, and the machine covered or closed into a desk well. See that these things are done when you are through using the machine and always at the end of the day.
- Keep the typewriter clean by wiping the outside with a soft, dry cloth; dust the inside with a long-handled brush.
- Clean the type with a short-bristled brush. Tap lightly with the points of the bristles to loosen the dirt; then brush up lightly.
- When making erasures, move the carriage to one side, so that the erasure crumbs will not fall into the mechanism.

At regular intervals, give your typewriter a more thorough cleaning. The frequency of such cleanings, of course, will depend on the amount of use the typewriter receives and the amount of dust in your office atmosphere. It is recommended that once each week you follow the below procedure in cleaning your typewriter:

- Clean the carriage rails and marginal stop bar with a cloth slightly moistened with oil. Move the carriage back and forth during the process.
- Clean the platen or roller. Remove, if possible, and wipe with a cloth moistened with a very small amount of denatured alcohol or cleaning fluid. Do not wipe off; allow fluid to evaporate.
- Brush the type bar segments and dust the interior of the machine. With a longhandled brush, brush toward the front of the machine. By elevating a few type bars at a time you can reach into the mechanism. Do not force the bars.

If repair work is required, have the typewriter shop do the work. If your ship does not have such a shop; repairs may be made by tenders or repair ships or through local contracts with commercial shops.

DUPLICATING MACHINES

The two types of duplicating machines you are likely to use are the Mimeograph and the Ditto. Both are relatively simple to operate. Follow the directions in the manufacturer's manual, and keep the machines clean, oiled, and properly adjusted. Keep them covered when not in use.

A duplicating machine will do a good job only when the stencil or master is well typed or traced. Even a well-prepared stencil or master, however, will NOT do a good job unless the machine is clean, carefully inked, and properly adjusted.

In operating a Mimeograph, you may have some trouble with offsetting—the wet ink from the printed surface of one sheet smears the back of the sheet above it. You can prevent this difficulty by slipsheeting—inserting a blank sheet or card between the printed sheets as the machine ejects them. Slipsheeting devices are made for this purpose and save considerable time and labor. Before printing a sheet on the reverse side, always allow enough time for the ink to dry thoroughly.

Cutting a Stencil.—Cutting a satisfactory stencil requires more skill than routine typing. You can master the technique, however, with practice. At first, make a typewriter copy as it will appear on the stencil. Then disengage the typewriter ribbon by moving the ribbon lock to the central position. Always clean the type before cutting a Mimeograph stencil. Insert the stencil in the typewriter and adjust it. You are now ready to cut it. Do NOT hit the keys hard. Make sharp, even strokes. If you make errors, do not try to erase them. Obliterate them with stencil fluid and recut the stencil when dry.

ADDING MACHINES AND CALCULATORS

Most of the procedures for care of typewriters also hold true for adding machines and calculators. They should be placed so as to prevent them falling from desk or table. Keep them covered when not in use. The electric models must be properly grounded to eliminate shock hazards.

There are many types of machines, each designed to fulfill certain requirements. Basically these types are: electric or manual and

listing or nonlisting. The listing types provide a tape showing the computations, the nonlisting types show the answers on dials.

The maintenance you will perform on these machines should be limited to changing ribbons, replacing tape, and dusting. Any repairs should be accomplished by authorized naval repair shops or commercial shops.

You should thoroughly read the manufacturer's instruction book before attempting to operate an adding machine or calculator for the first time.

OFFICE SUPPLIES

Usually one Ship's Serviceman is given the responsibility of keeping the office provided with all needed supplies and forms. If this is your job, you may find it advantageous to use a checklist on which are listed all supplies and forms used.

The use of a checklist will serve two purposes. It will help you check ALL supplies and forms used and can provide a ready reference for Federal Stock Numbers.

CHAPTER 4

APPROPRIATIONS AND FUNDS

Each year the Navy must have billions of dollars to carry out its mission in the Department of Defense. This money comes from the taxpayers of the United States as determined by the Congress. The Navy must keep accounts to show the receipt and expenditure of public funds, the amount of Government money, materials, and property on hand, and the cost of all operations.

This chapter explains how the Navy gets its money, and the system used to account for it. It is necessary that you understand this in order to perform your duties in the area of procurement, the expenditure of stores, and the preparation of returns. This chapter is in two parts; the first is on how the Navy gets its money, and the second on the symbols and devices used to account for it.

APPROPRIATIONS

An appropriation is an authorization by an Act of Congress to incur obligations for a specified time and purpose and to make payments therefor out of the treasury. It is in this form that the Navy receives money to pay for ships and the cost of their operation and maintenance, the cost of training and pay of the officers and men who operate them, and the money to operate the shore establishment needed to support the fleets.

ACCOUNTING PERIOD

The accounting period as it applies to appropriations is the fiscal year. The Federal fiscal year differs from the calendar year in that it begins on 1 July and ends on the following 30 June. The fiscal year is designated by the calendar year in which it ends. Thus, fiscal year 1970 began on 1 July 1969 and ended on 30 June 1970.

TYPES OF APPROPRIATIONS

Three types of appropriations may be used in the Navy, depending upon the purpose for which they are issued. Most appropriations are for one fiscal year and are used to finance the normal operating costs of the Navy. Other types may be granted without a time limitation or for a specific period of time which is more than one year.

Annual Appropriations

Annual appropriations generally cover the current operating and maintenance expenses of the Navy. They become available at the beginning of the fiscal year stated in the appropriation act. From that time on throughout the fiscal year they may be either directly expended or obligated. An obligation occurs when an order is placed, a contract is awarded, a service is received, or similar transactions are entered into during a given period requiring future payments of money in an agreed amount.

After the end of the fiscal year, obligated funds remain available for the payment of such obligations for 2 years.

Continuing Appropriations

Continuing appropriations support programs which have indefinite completion dates. Typical examples are: ship building, public works construction, and research and development. This money is available at the beginning of the fiscal year, or earlier, if so stated in the appropriation act. These appropriations are available until used up, or until the Navy accomplishes the purpose for which they were made. At this time, or at a time set by Congress, any obligated balance remaining is transferred to the successor account.

An appropriation for building an atomic submarine which takes several years, is continuing; it is good until the submarine is completed.

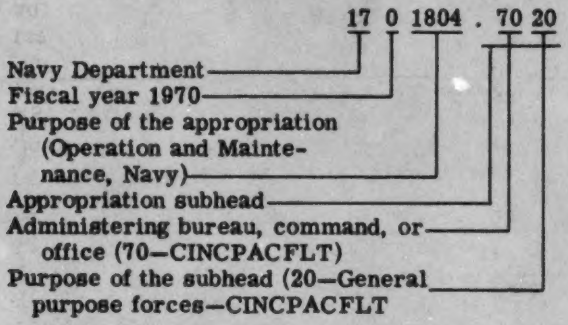
Multiple-Year Appropriations

Multiple-year appropriations are available for incurring obligations during a definite period in excess of 1 fiscal year as specified in the

appropriation act. This type of appropriation can be used to finance projects which extend for a period of 2 or more years and by their nature require a large amount of advance planning.

Appropriation Symbols

The Navy uses symbols to identify charges and credits made against each appropriation. The various elements that make up the appropriation symbol are explained below.


17 0 1804 . 70 20
Navy Department
Fiscal year 1970
Purpose of the appropriation (Operation and Maintenance, Navy)
Appropriation subhead
Administering bureau, command, or office (70—CINCPACFLT)
Purpose of the subhead (20—General purpose forces—CINCPACFLT

All appropriations assigned to the Navy are identified by "17" which is shown as the first two digits of the appropriation symbol.

The third digit identifies the fiscal year limitation of the appropriation. In the example, "0" designates fiscal year 1970. Continuing appropriations, which have no fiscal year limitation, are identified by an "X". A multiple-year appropriation is indicated by the first and last fiscal years that it is available for obligation; i.e., "0/1" indicates fiscal years 1970 and 1971.

The purpose of the appropriation is shown by the next four digits. The numerals "1804" shown above identifies the appropriation for Operation and Maintenance, Navy, and is used for operating and maintenance expenses of the fleet. This includes repair parts, consumables, and equipage for shipboard use; fleet training; fuel for ships; and operation of fleet support activities.

Since appropriations may cover a wide range of expenses within their purpose (as indicated in the preceding paragraph) and may be controlled by various bureaus, commands, and offices, it is necessary that the appropriation symbol provide further identification. This is accomplished by the subhead. The first two digits identify the activity responsible for administering the allotment (or allocation of funds). The unit identification code (UIC) for the activity is used for this purpose when one has been assigned. The UIC for bureaus, commands, and offices are two-digit codes. In addition, 60 is used for CINCLANTFLT and 70 for CINCPACFLT.

The last two digits permit the administering authority to identify several purposes within his monetary limitations.

FUNDS

Funds fill a very important need in financing the day-to-day operations of the Navy. Two types of funds, revolving and trust, are used extensively and you must understand how and why they are used. Funds are sums of money or other resources established for a specific purpose and usually without fiscal year limitations.

REVOLVING FUNDS

A revolving fund is established to provide working capital. Money is paid out to procure materials and services and is reimbursed when these materials and/or services are received/sold.

Navy Stock Fund

Of the several revolving funds, the one that you will be most concerned with is the Navy Stock Fund (NSF). It is not practical for each activity of the Navy to purchase all of its requirements directly from commercial suppliers using its operating money. It is for this reason that the NSF exists, to provide the necessary capital to finance the purchase and maintenance of stocks of common supply items required for support and operation of the Navy. Basic capital for the NSF is made available from Congress in much the same manner as appropriations. The total value of the NSF is reviewed annually by Congress and adjusted to meet current requirements. Within the Navy, the Commander, Naval Supply Systems Command is the administrator of the NSF.

NSF Charges/Credits

The Navy Stock Fund is CHARGED with the following:

- Expenditures for the purchase or manufacture of stores, supplies, equipment, and services which are to be taken up in the Navy Stock Account (NSA), (discussed later in this chapter).

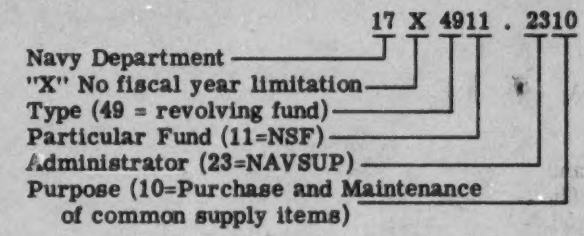
- Appropriation adjustments against the fund for transfer of materials from another stores account to the Navy Stock Account, and for return with charge of material previously charged to an end use functional account.
- Navy Stock Account losses by accounting, price adjustment, appraisal, inventory, sale, and survey, which are not properly charged to an appropriation.
- Donations of surplus NSA material for public health and educational purposes, including research.
- Authorized charges for repair of NSA material in store.
- Issues from the NSA of clothing items for health and comfort, when not chargeable to another appropriation.
- Payment of claims approved by the General Accounting Office (GAO).

The Navy Stock Fund is CREDITED with the following:

- Issues from the NSA charged to an appropriation or fund.
- Cash sale from the NSA (including sales to other Government departments and foreign governments).
- Transfers from the NSA to other stores accounts.
- Collections from carriers for NSA material lost or damaged in transit.
- NSA gains by accounting, price adjustment, appraisal, inventory, sale, and survey which are not properly creditable to an appropriation.
- Reimbursements from the Defense Supply Agency for the pro rata share of proceeds from sale of surplus, scrap, and salvage material expended from the NSA.

NSF Symbols

Symbols used in the various elements that make up the NSF serve the same purpose as those for appropriations, to identify charges and credits made against the NSF. The various symbols used in the construction of the NSF comprise eleven digits. The first seven digits designate the department responsible for administering the fund; an indicator of fiscal year limitation, the type, and the particular fund. The other four digits compose the subhead, which identifies the command or bureau within the Navy responsible for administration of this element of the fund and the purpose for which it is to be used. The meaning of each digit or combination of digits is as follows:


17 X 4911 . 2310
Navy Department
"X" No fiscal year limitation
Type (49 = revolving fund)
Particular Fund (11=NSF)
Administrator (23=NAVSUP)
Purpose (10=Purchase and Maintenance of common supply items)

NSF fulfills its role as a revolving fund by purchasing designated supplies/services from commercial sources and then selling them. These supplies/services may be sold to a specific appropriation or for cash. When the NSF is to be reimbursed is determined by the nature of the item. For services at the shipboard level; i.e., repair or repair parts for vending machines, the NSF is reimbursed when the service is received. The NSF is reimbursed for supplies when they are ISSUED or SOLD. While these supplies are being held (waiting to be "sold") they are in the Navy Stock Account (NSA).

Navy Stock Account

The Navy Stock Account (NSA) is an inventory account and an integral part of the NSF. It serves as the "holding account" for NSF procured supplies prior to their sale. Thus, the total value of the NSF consists of money plus supplies in the NSA. The NSA is also used by NAVSUP as the accounting device to account for and control the expenditure of NSF funds.

NSF/NSA In Operation

The following steps cover the operation of the Stock Fund and the Navy Stock Account in the procurement of ship's store stock from commercial supplies.

1. A ship desiring supplies submits a purchase order to a commercial supplier citing NSF funds.
2. The supplier delivers the supplies to the ship where they are held in the Navy Stock Account.
3. The supplier submits an invoice (bill) to the ship or to a designated Navy Regional Finance Center (NRFC).
4. The bill is paid by the ship or NRFC and the appropriate accounting data is forwarded to the Navy Finance Center (NFC).

5. The ship notifies NFC (thru financial returns) whether the supplies are being held in NSA or whether they have been sold.

6. NFC reimburses the NSF if the supplies were sold or indicates the supplies are being held in the NSA. Figure 4-1 illustrates the preceding steps.

Obtaining supplies from other naval units or from DPSC generally follows the steps just outlined. The exception, is that the receiving unit does not receive a bill.

TRUST FUNDS

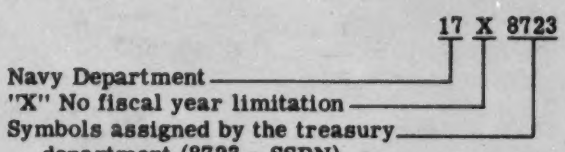
A trust fund is one in which money is held by the Navy for use in accordance with a specific agreement or Act of Congress. Private parties or sources may provide money for a specific trust for the Navy; for example, public contributions received for the purpose of constructing and maintaining the USS ARIZONA Memorial at Pearl Harbor. As a Ship's Serviceman, you need to know how the Ship's Stores Profits, Navy (SSPN) trust fund works.

SSPN, Trust Fund

The Ship's Stores Profits, Navy (SSPN) is a trust fund for providing recreation and entertainment for enlisted personnel. The fund is credited with the net profits derived from sales in ship's stores and with contributions made to the fund by organizations, individuals, and others. It is charged with expenditures for the recreation and amusement of enlisted personnel of the Navy. In actual operation, the SSPN works in the following manner: Resale items for sale in the ship's store are purchased by the NSF and held in the NSA. When they are sold, the NSF is reimbursed for their cost, and the profits go into Ship's Stores Profits, Navy fund.

SSPN Symbol

The symbol for the SSPN has seven digits. The meaning of each digit or combination of digits is as follow:



FUND CODES

Because of the extensive use of computers in the Department of Defense (DOD), and for other reasons, fund codes have been established for the majority of appropriations and funds. Fund codes are two characters long, and they are used in the requisitioning of supplies within DOD. More about fund codes later in this chapter, and in chapter 5.

ACCOUNTING FOR APPROPRIATIONS/FUNDS

In the receipt and expenditure of funds, the how and why of such expenditure must be a matter of public record, and if necessary justified. This is accomplished by the accounting classification system. The purpose of the system is to classify expenditures as to their type or purpose, and to designate the activity responsible for recording and maintaining official records of these expenditures.

The accounting classification system comprises functional account numbers, unit identification codes, bureau control numbers, transaction type codes, the authorization accounting activity, and the property accounting activity.

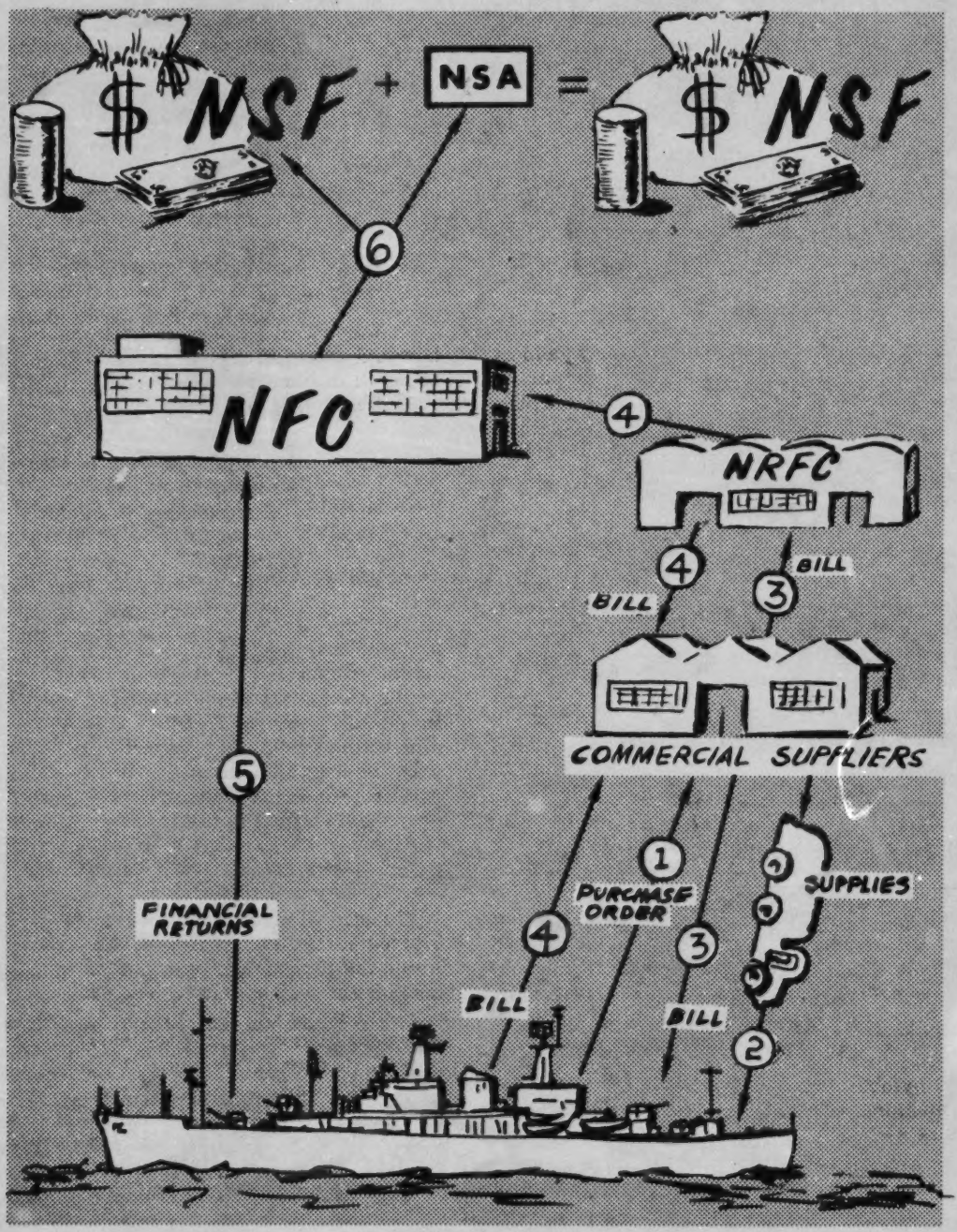
An explanation of all the elements that make up the accounting classification system is given in the following paragraphs. Study the discussion of the system very carefully, for it will be your responsibility to use the proper classification on procurement and expenditure documents prepared by you.

FUNCTIONAL ACCOUNTS

Functional account numbers classify expenditures according to the end use or purpose for which the expenditure was made. This, in turn, provides a detailed analysis of the cost of maintaining and operating the Navy. The cost analysis provides administrative knowledge as to the purpose for which appropriations and funds are used, information required for statistical reports, detailed information which can be projected into determination of budget estimates, and a comparison of the cost of performing work between activities within the Naval establishment.

Numbering Plan

Each functional account has five digits, the combination of numbers identifies each



43.36

Figure 4-1.—NSF/NSA In Operation.

expenditure as to major heading, subdivision within the major heading, and purpose or type. The first digit of each account number indicates the major headings for the nine major series of functional account numbers.

Major Series

The nine major series are:

1—Naval vessels
2—Special programs
3—Aircraft
4—Ashore naval activities
5—Stores
6—Stores manufacturing and repair
7—Military personnel pay, allowances, and direct support expenses
8—Departmental and operating forces other than vessels and aircraft
9—Miscellaneous, asset, liability, income, and expense accounts

Secondary Series

The second series of the functional account number is combined with the first digit to designate the heading for the secondary series of account numbers. As they apply to an SH, the following is an example of the most widely used combinations.

13—Consumable supplies not classified as equipage and miscellaneous services furnished to naval vessels.
16—Repair parts and repair parts sets not classified as equipage.
51—Navy Stock Account (NSA).
69—Repairs to NSA material financed under the NSF.
75—Other military expenses not chargeable to military pay appropriations.
98—Accounts receivable, accounts payable, and clearing accounts expenditures.

Purpose and Type

The remaining three digits of functional account numbers provide a further breakdown, by purpose or type of expenditure. Because you will be interested primarily in the 5ØØØØ, and the 9ØØØØ series, the following shows the functional account numbers for these series broken down to the purpose or type of expenditure level:

51000—NSA purchases not covered by other accounts in the 51000 series and transfers between supply officers in the Navy Stock Account.
51005—Purchase of Stock, operating supplies, services, and equipment for ship's stores chargeable to the NSF.
51007—Purchase of health and comfort items from Navy exchanges for clothing and small stores retail stores stock chargeable to the NSF.
51012—Purchase of special measurement clothing and footwear and purchase of gold and silver rating badges and service stripes for Navy personnel from the DPSC chargeable to the NSF.
75400—Expenses of operation of ship's stores chargeable to Ship's Stores Profits, Navy (SSPN).
98064—NSF cash sales from ship's stores.
99207—Losses on sale of stores account material.
99250—Military and civilian personnel claims for damage to or loss of personal property incident to their service.

Functional account numbers are listed in NAVCOMPT Manual, volume 2, chapter 4. Certain requisitions or expenditure transitions may necessitate citing a functional account number other than the preceding, and one with which you are not familiar. When this occurs it will be necessary for you to refer to the NAVCOMPT Manual in order to cite the correct functional account number.

UNIT IDENTIFICATION CODES

Unit identification codes (UIC) are assigned by the Comptroller of the Navy to ships, aircraft units, commands, shore activities, divisions of shore activities, bureaus, and offices, contractor's plants, and in some instances, to functions or other specialized elements for identification. The codes assigned are either numeric or alpha-numeric, and consist of two, three, four, or five characters.

On procurement and accounting papers, the UIC serves as a positive means of identifying the chargeable or accounting activity. The preparation of fiscal reports is facilitated by the use of the UIC in lieu of, or in combination with, the name of the organization.

All unit identification codes currently assigned are listed in NAVCOMPT Manual, volume 2, chapter 5.

BUREAU CONTROL NUMBERS

NAVSUP has overall fiscal responsibility for the NSF, (17X4911.2310), for the purchase and maintenance of common supply items. However, NAVSUP has authorized ICPs and other activities to purchase specific categories of materials, and to cite the NSF. This authorization is accomplished by assigning each category of material a permanent budget project, an allotment number, and authorizing specific activities to cite these numbers in the procurement of assigned material.

Thus, a bureau control number is an allotment authorization number. It consists of 5 digits. The first two digits designate the budget project, and the last three designate the allotment number. Bureau Control Number 21001 is the one that you will be concerned with. This number authorizes the following to cite the NSF: commanding officers of ships with ship's stores and of designated shore activities, OINC's of commissary stores, and the Commanding Officer, NRSO. The NSF may be cited under 21001 for the purchase of stocks, operating supplies, services, and equipment for ship's stores and commissary stores.

Bureau control numbers are in NAVCOMPT manual volume 2, chapter 3.

AUTHORIZATION ACCOUNTING ACTIVITY

The Authorization Accounting Activity (AAA) is the UIC of the activity which performs the accounting for an allotment/fund. In connection with ship's store operation, the AAA is 250, the UIC of the Navy Resale System Office.

TRANSACTION TYPE CODES

Transaction type codes are identified by a 2 character code to permit processing stores account purchases by data processing machines. The codes and an explanation of their use in the ship's store operation are as follows:

- 7C—Purchase of stock, operating supplies, services, and equipment for ship's stores chargeable to the NSF.
- 7D—Purchase of health and comfort items from a Navy exchange and postage stamps from a local post office for clothing and small stores retail store stock chargeable to the NSF.
- 7I—Purchase of special measurement clothing and footwear and purchase of gold and silver rating badges and service stripes for Navy personnel from the Defense Personnel Support Center (DPSC) chargeable to the NSF.

Additional transaction type codes are contained in NAVCOMPT Manual volume 2, chapter 8.

PROPERTY ACCOUNTING ACTIVITY

The Property Accounting Activity for any material is the activity designated to take up that property in a stores account and is indicated by the UIC. For afloat ship's store stock purchases, the property accounting activity is the ship.

So far, we have discussed how the Navy gets its money, and explained the classification system used to account for it. While receipt of the money and accounting for it generally occur at an activity above the shipboard level, you as an SH aboard ship will have the responsibility of ensuring that the necessary accounting elements are included on procurement and expenditure documents prepared by you. In the following examples you will see the format these elements must be in.

Purchase Format—In the procurement of ship's store stock by the purchase method, the following entries are required:

17X4911.2312	21001	250	7C	*	51005
Navy Stock Fund And Subhead	Bureau Control Number	AAA	Trans. Type	UIC No.	Functional Account Number

Requisition Format.—In the requisitioning of ship's store and clothing items, a fund code may be used. The code that you will use is determined by the type of ship you are serving on. If fund codes are not used, the same information required on purchase documents is required on requisitions. Fund codes are listed in NAVSUP Publication, P-485.

Expenditure Format.—As you will see in a later chapter, there are a number of ways in

which ship's store and clothing stock may be expended. Because of this no specific format is given here. However, as a general rule, the following information is required on all expenditure documents:

- Appropriation and Subhead (17X4911.2310 or 17X8723)
- Functional Account Number
- Unit Identification Code

In addition to the above required entries on all expenditure transactions, you maybe on certain occasions required to insert the bureau control number, the AAA, and transaction type code on expenditure documents.

CHAPTER 5

PROCUREMENT

Procurement is the act of obtaining materials or services, and in the Navy it is a tremendous undertaking.

Material may be procured by requisition, purchase, or transfer. Of these, in ship's store operation, purchase is most frequently used, but requisitions and transfer may also be used.

You will play an important role in the procurement of material and service for your ship, and you must know what material is authorized, where it is obtained, the forms used, and how to prepare them.

DETERMINATION OF REQUIREMENTS

In planning procurement of ship's store stock, it is first necessary to consider what types of merchandise you are authorized to stock, next, you need to decide the amounts of each item that you should order.

AUTHORIZED AND UNAUTHORIZED STOCK

Ship's store stock comprises articles intended for resale in the ship's store, consumable materials intended for use in related service activities, and minor equipment and parts not included in allowance lists for related service activities.

Authorized Stock Items

The following items under the broad categories, may be procured for stock, for resale, or for use in the ship's store. The items authorized are considered to be necessary for the health, comfort, or convenience of personnel in day-to-day living.

- Appliances and accessories
- Athletic supplies
- Clothing items
- Confections and food products (food products in individual sizes)
- Hobby shops items
- Jewelry
- Luggage and leather goods
- Photographic supplies
- Service activity supplies
- Stationary supplies and periodicals
- Sundries
- Tobacco products and smoking accessories
- Toiletries
- Uniform accessories and clothing items

Generally, only those items falling under the broad categories above are authorized to be carried in stock. However, if circumstances warrant, the procurement of additional stock items and special orders is authorized under certain conditions. The conditions and occasions when additional items may be stocked as well as information on special orders are covered elsewhere in this chapter.

Appendix I, and NAVSUP P-487 contains a list of authorized ship's store items as well as information on unit cost limitation. In addition to these items, items contained in the Ship's Store Afloat Stock Catalog may be ordered for those items designated as SPECIAL ORDER ONLY.

Tax-Free Tobacco

Tax-free tobacco products (sea stores) may be sold in the ship's store during the time the ship is operating beyond the 3-mile limits of the United States. The quantity ordered should not exceed the anticipated sales during the deployment. Sea stores may not be sold while the ship is in a United States port or while operating within the 3-mile limit.

Inventories must be taken of all tax-free tobacco products when arriving within and upon departing from the 3-mile limit. If a discrepancy exists between the arriving and departing inventories, the accountable office must make a written report to the commanding officer concerning these differences. Sea stores must also be removed from the store while the ship is in a United States port unless the stay is 15 days

or less and the time does not warrant physical movement of the stock. When sea stores are not removed from the store they must still be included in the tax-free tobacco inventory.

An optional procedure may be used in lieu of inventories to control tax-free tobacco products when a ship is in a United States port for a period of five days or less, and is scheduled to proceed beyond the three mile limit of the United States. At the option of the commanding officer, when a ship arrives within the three-mile limit of the United States, all tax-free tobacco products may be stored in a storeroom that must be secured by replacing the locks and attaching numbered lead or car seals. A log of the numbered car seals must be maintained by the accountable officer. When bringing tax-free tobacco products aboard, the seal is broken and the quantities received must be stored immediately in the presence of the accountable officer or his designated officer assistant. The seal must be replaced and the number of the new seal must be entered in the log. Breakouts from storerooms utilized under this procedure are not authorized while the ship is within the three-mile limit of the United States.

Procurement of sea stores requires very careful planning. If the ship returns from a deployment with unsold sea stores, they must usually remain in the storeroom until the next deployment, and this very often results in stale merchandise. Before tax-free tobacco may be relanded in the United States, authority must be granted by NRSO, and clearance obtained from local customs officials.

Beer

Tax-Free Beer.—Tax-free beer may be stocked when the ship is under specific orders to proceed to foreign ports, or to Mariana Islands, American Samoa, The Panama Canal Zone, Puerto Rico, or the Virgin Islands of the United States, if consumption by personnel ashore in these ports or areas is intended. The sale or consumption of beer and ale aboard ship is prohibited. All requests for tax-free beer must be forwarded to the nearest local supply activity ashore in the United States and must contain the specific port where the beer will be landed and consumed.

Tax-Paid Beer.—Tax-paid beer may be stocked for consumption ashore at destinations other than those designated for tax-free beer, and is procured in the same manner.

Foreign Merchandise

Determining stock requirements of foreign merchandise is another area that requires careful planning. Many items of foreign merchandise have a good sales potential to personnel as gift items and for personal use. NAVSUP P-487 contains a list of authorized items and the areas in which they may be purchased. A list of prohibited items is also included. The fleet, force, or type commanders may impose additional restrictions or limitations in addition to those contained in NAVSUP P-487.

Procurement must be limited to items that are locally available and must not exceed careful estimates of sales volume.

Prohibited Items

Most items that may not be stocked are prohibited simply by not including them in the authorized items list. However, NAVSUP P-487 does specifically prohibit some items.

- Any item bearing the impression of United States currency may not be stocked or used in the ship's store.
- Foreign merchandise consisting of unmounted, precious or semiprecious stones; furs; automobiles; wines and liquors; custom tailored clothing; oil portraits; and all foreign merchandise originating from sources within Communist controlled areas.
- Food items in the nature of short orders and prepared sandwiches.
- Drugs, medical substances, vitamins, remedies, remedial agents, or other materials of similar category which may be used for the external or internal treatment of diseases or conditions. This does not preclude toiletries such as foot powder, antiseptic mouthwash, shampoos.

FACTORS IN PLANNING STOCK PROCUREMENT

Some special considerations in planning procurement of particular items are discussed above. Certain general considerations apply to all procurement. These are discussed below.

Ship's Experience And Deployment

The most reliable source of information for planning procurement is usage data contained on

the stock record cards. In using this information, the following modifying factors must be considered:

- Increase or decrease in the number of patrons
- Operational schedule of the ship
- Similar items added to or deleted from stock
- Seasonal requirements

A list of basic stock items should be developed which contains those items experiencing continuing customer demand. These items should be in stock at all times. The list must be frequently reviewed and items added or deleted to reflect current customer preference.

A monthly review must be made of all stock records and stock to ensure that the quantities are realistic. Good inventory control demands that sufficient stocks be maintained to meet requirements and, at the same time, it prevents overstocking which results in stale, shop-worn merchandise. The usual stocking objective is a 90-day supply. However, this factor cannot be applied to all items, and the ship's operational schedule may require additional merchandise. Items which deteriorate or age rapidly must be very carefully controlled and may require more frequent reordering in smaller quantities.

Stock Value Limit

The total value of the ship's store inventory (computed at cost price and excluding clothing items) must not exceed the total dollar value of anticipated sales for the following 3-month period. This is accomplished by using the inventory control (open to buy) record.

Inventory Control Record.—The Inventory Control Record (captions shown below) enables the ship's store officer to quickly determine the status of his inventory in relation to the limitation.

Date	Forecasted Sales	Authorized Increase	Beginning Inventory	Receipts	Expended	

	Inventory Balance	Open Orders	Open to Buy	Remarks

Posting to Inventory Control Record.—The Inventory Control Record may be maintained on a daily or weekly basis. However, when procurement is to be made, the inventory control record must be taken into consideration to prevent overexpenditure. Overexpenditure of the open to buy must not be made except for special operating conditions, and deployment.

An explanation of the captions, and the figures that must be entered is given below.

CAPTION	EXPLANATION
Date	Date of posting
Forecasted Sales	Enter the forecasted sales for the next 90 day period
Authorized Increase	Enter any increase granted as a result of special operating conditions or deployment
Beginning Inventory	Enter the actual physical inventory figure brought forward from the previous period to the nearest ten dollars
Receipts	Enter all receipts of ship's store stock
Expenditures	Enter all expenditures including sales and surveys at cost price
Balance Inventory	Beginning inventory plus receipts minus expenditures. The last inventory posting in column "Balance inventory" is an actual physical inventory figure which is carried forward to column "Beginning inventory" the next period
Open Orders	Enter all outstanding open orders, which includes all outstanding requisitions
Open to Buy	Forecasted sales, plus authorized increase minus balance inventory and any open orders equals open to buy

Computing Open To Buy.—Open to buy is computed by starting with the beginning inventory, adding receipts, subtracting expenditures, and subtracting the resulting inventory balance

from the forecasted sales for the coming period, then subtracting the outstanding (or open) orders.

The forecasted sales figure is normally based on ship's experience, and it must be adjusted to take into account the operation schedule and seasonal purchasing (e.g. Christmas). The inventory control record does not take the place of proper inventory control of individual stock items, but it serves to keep the overall inventory value within realistic limits.

Recommendations of Ship's Servicemen

Although you may not be directly responsible for procurement of storeroom stock, your recommendations and suggestions will be solicited by the ship's store officer. The ship's store officer will rely on SHs to determine routine requirements and call to his attention those requirements in which he should exercise his judgment and decision. This is not the sole job of one SH, but all SHs share in this responsibility regardless of rate or where they work. Briefly stated below are some of the ways that SHs may fulfill their advisory functions.

Bulk Storeroom SH.—By knowing your storeroom and stock, particularly in bulky or fast-moving items, you may be able to restow stock to provide space for additional material, spot items that are not moving and may be excess, and be alert for obvious errors in quantity in both issues and receipts.

Office SH.—By being able to interpret the data reflected on control records, you can advise the ship's store officer of items requiring a review because of increased or decreased sales.

Ship's Store Operator.—In the ship's store the SH has constant contact with customers and is in an excellent position to observe their likes and dislikes. For example, you may have an unusually high number of cigar or pipe smokers aboard, by observing and passing along these facts, allowances can be made. Also by looking at every possible angle, the cross-section of customer types can best be satisfied. Replenishment of ship's store stock is discussed further in Chapter 9.

Special Orders

Items not stocked in the ship's store may be special ordered for personnel. However, only items authorized in NAVSUP P-487 or the Ship's Store Afloat Stock Catalog may be ordered. Special orders enable the ship's store to increase its sales potential and meet the needs of the crew more completely. The catalog contains descriptive and illustrated brochures prepared by manufacturers and complete ordering information. Special orders offer a much wider range of merchandise, not only because items not normally stocked may be ordered, but also because the unit cost limitation in NAVSUP P-487 may be exceeded up to $500.

SOURCES AND METHODS OF PROCUREMENT

The method of procuring ship's store stock depends on the type of stock being ordered, the location of the ship, and the source. These are discussed below.

SOURCES OF SHIP'S STORE STOCK

Ship's store stock may be procured in the manner indicated from the following sources:

- By purchase direct from commercial suppliers listed in the Ship's Store Afloat Stock Catalog
- By purchase direct from commercial suppliers listed in the Ship's Store Contract Bulletin
- By purchase from Navy exchanges
- By requisition from ships of the mobile logistic force
- By requisition from excess stock lists
- By requisition from supply support activities ashore
- By transfer from the general mess
- By transfer from other Government departments and the Marine Corps
- By transfer from other supply officers
- By transfer from general stores

METHODS OF PROCUREMENT

Materials for ship's store operation are procured by one of three methods: requisition, transfer, or purchase. These methods and the forms used are discussed fully in this section. Three forms are normally used in the procurement of ship's store stock; the DD Form 1348, DD Form 1149, and the NAVSUP Form 48. The

DD Form 1348 is usually used to requisition material, the DD Form 1149 for transfers, and the NAVSUP Form 48 for purchases. However, the final determination as to which form you will use will also depend on the category of material requested, the policies of the issuing activity, and instructions issued by higher authority (NAVSUP, NRSO, and fleet/force commanders).

REQUISITIONING

A requisition is an order from one activity requesting material or services from another activity. The most common method of requisitioning is by printed forms which are designed to provide all necessary information for physical transfer of the material and accounting requirements.

Normally requisitions for ship's store and clothing items are submitted on the DOD Single Line Item Requisition System Document, DD Form 1348. However, as stated before, the DD Form 1149 may be used.

In the preparation and use of the DD Form 1348, you must be familiar with the systems that govern its use, MILSTRIP, and UMMIPS.

MILSTRIP

The Military Standard Requisitioning and Issue Procedure (MILSTRIP) was developed to meet two requirements: (1) to provide a common language for requesting and supplying material within and among the Army, Navy, Air Force, Marine Corps, and the General Services Administration (GSA) and (2) to provide a requisition document that could be processed by EAM/ADP equipment and contain all information necessary to issue, ship, and account for the requested material.

UMMIPS

The Uniform Material Movement and Issue Priority System (UMMIPS) is part of the MILSTRIP system. UMMIPS was established to ensure that material issue requests are processed in accordance with the military IMPORTANCE of the requiring activity and the URGENCY of that activity's needs.

FAD.—A Force/ACTIVITY Designator (FAD) is assigned to each force/activity (a ship, body of troops, aircraft, ETC), according to its mission. FADS are assigned by various Navy commanders, and generally express the military IMPORTANCE of that activity.

UND.—The Urgency of Need Designator (UND) is an uppercase letter of the alphabet selected to indicate the relative urgency of a force or activity's need, for a required item of material. Assignment of UNDs is the responsibility of the force or activity requiring the material.

IPD.—The Issue Priority Designator (IPD) is a 2-digit number determined by using the Force/Activity Urgency of Need conversion table (see fig. 5-1). The table is easy to use. For example, if your ship is assigned a FAD of III (ready) and your requirement is of a routine nature, the priority to be assigned would be 18.

Preparation of DD Form 1348

The DD Form 1348, DOD Single Line Item Requisition System Document, was designed to fulfill the requirements of MILSTRIP, and is available as a 2-part, 4-part, or 6-part carbon interleaved form for nonautomated (manual) use or a single card form for automated (mechanical) use. All copies of the nonautomated forms are identical except data blocks T and U. These blocks are blank on the original, but the copies are printed to provide a place to show the unit and total price. The automated form is basically the same as the nonautomated, except that data blocks A and B are omitted. Figures 5-2 and 5-3 show the nonautomated and automated forms completed for an identical requisition.

You can readily see the extensive use of codes in MILSTRIP requisitioning. This is necessary because only 80 alphabetic and/or numeric characters can be placed on the card (this does not include the activity names shown in data blocks A and B). Although coding is the key word in the preparation of the 1348, these codes apply to all levels of supply and you as a Ship's Serviceman are not expected to memorize all of the codes. Rather, you should develop your own "ready reference" list of codes that apply to you and your ship. It would be a time saver when selecting and interpreting the codes, and more important, you will learn their standard function.

The DD Form 1348 is prepared by typewriter or ballpoint pen. Pencil is not to be used because pencil marks can cause errors when the requisition is processed through mark sensing

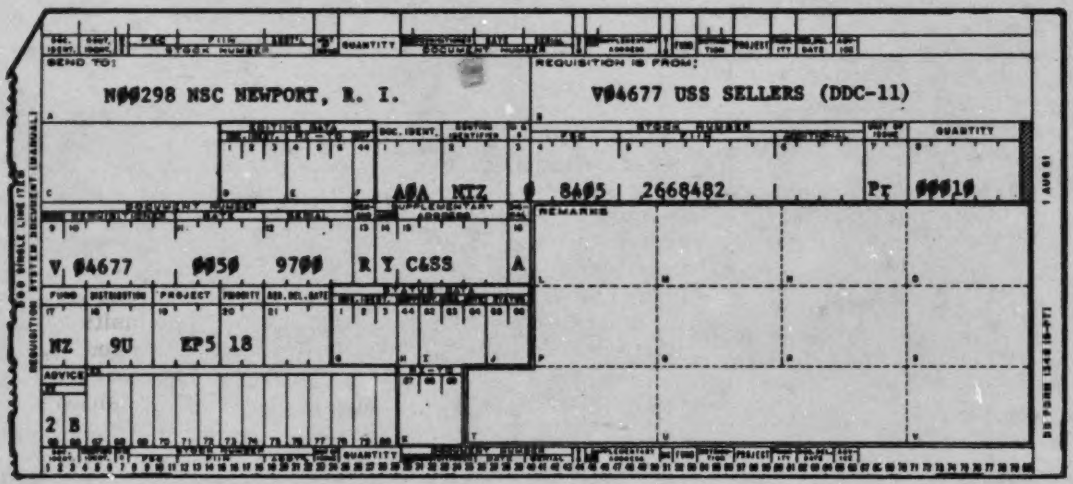
FORCE ACTIVITY DESIGNATOR	TYPE OF FORCE	A UNABLE TO PERFORM	B IMPAIRS CAPABILITY	C OTHER THAN ROUTINE	D ROUTINE
	I Ready	Ø1	Ø4	11	16
	II Positioned	Ø2	Ø5	12	17
	III Ready	Ø3*	Ø6*	13	18
	IV Reserve and support	Ø7	Ø9	14	19
	V Others	Ø8	1Ø	15	2Ø

* Designed for special application in accordance with OPNAVINST 4614.1 (series)

10.66

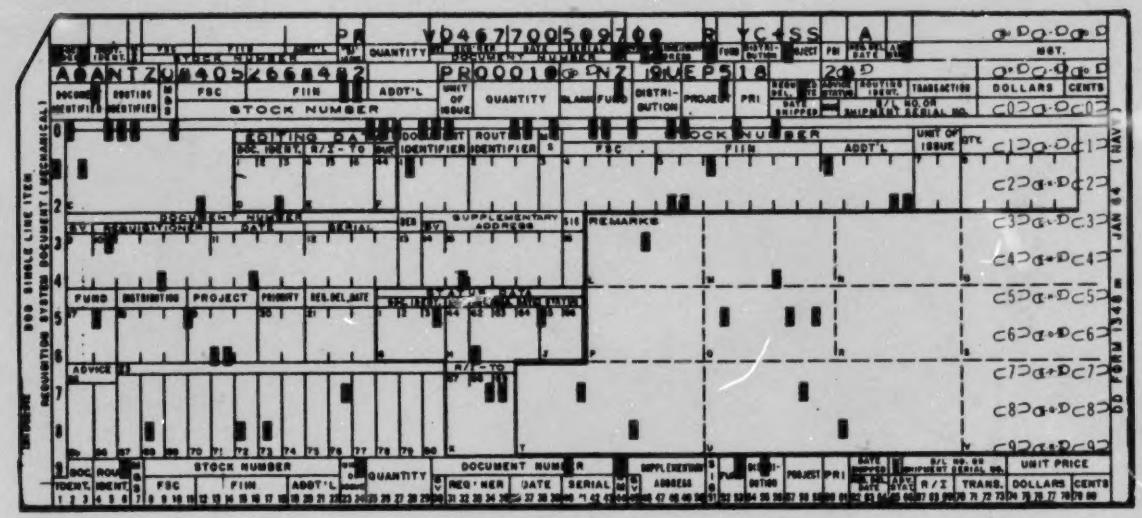
Figure 5-1.—Force/Activity Urgency of Need Conversion Table.

equipment at shore activities. In preparing requisitions it is not necessary to space the entries within the "tic" marks printed on the forms, but it is imperative that entries be made within the proper data blocks. To eliminate any possible confusion between numeric zero and alphabetic "0," the communication zero (Ø) is used on MILSTRIP requisitions when zeros are applicable.



43.24

Figure 5-2.—DD Form 1348 (Nonautomated).



43-24

Figure 5-3.—DD Form 1348M (Automated).

The data block entries on the DD Form 1348 are described below.

As you study the data block entry description, refer to figures 5-2 to locate the block and see the type of code used.

In the descriptions that follow, the data block letter or number is shown first, then the field legend, or title, as printed on the form, and finally, a description or explanation of the data shown in that block.

Data Block	Field Legend	Explanation and Instruction
A	Send to	The unit identification code, name, and address of the activity to which the requisition is forwarded is entered; i.e., NØØ298 NSC Newport, R. I.
B	Requisition is from	Enter the service designator, UIC Code, name, and hull number of the requisitioner, i.e. VØ4677 USS SELLERS (DDG-11).
D, E, F	Editing data	These blocks are left blank.
1	Doc. Ident.	The Document Identifier identifies the purpose of the document (requisition, followup, cancellation, etc.). Some of the more common document identifiers for requisitions are shown below. (See NAVSUP P-485 for complete codes).

Requisition for overseas shipment	Stock number	Requisition for domestic shipment
AØ1	With federal stock number (FSN)	AØA
AØ2	With part number	AØB

Data Block	Field Legend	Explanation and Instruction
		Requisition for overseas shipment / Stock Number / Requisition for domestic shipment AØ3 — With NATO number — AØC AØ4 — With other number — AØD AØ5 — Written exception data — AØE When a requisition contains ANY information in the remarks block (authority for the requisition, special accounting information, special delivery instructions, additional identification information, etc.), the requisition is said to contain "exception data" and document identifier AØ5 or AØE is used.
2	Routing Identifier	Routing identifiers are three character codes that identify a specific activity. They are assigned to all DOD and GSA supply support activities, and other activities ashore with supply departments. The routine identifier must agree with the activity shown in data block A. This block is left blank on requisitions submitted to manual ships for which no routing identifier is assigned. Many of the naval supply activities show more than one routing identifier. However, on all of your requisitions to a supply activity, use the routing identifier for Navy material. The others are for use in interservice transactions.
3	M & S	The Media and Status code is a single character code that indicates the type of status required, who is to receive the status, and how the status is to be furnished; i.e., communications media. Appropriate codes may be selected to provide: • No status • Exception status • Exception status plus shipping status • 100% supply status • 100% supply status plus shipping status
4—6	Stock number	When requisitioning material with a Federal stock number, the four digit Federal supply classification is entered in block 4, the seven digit FIIN is entered in block 5.
7	Unit of issue	Enter the two letter unit of issue abbreviation for the item being requisitioned.
8	Quantity	Enter the quantity of the item required. If the quantity exceeds 99,999, additional requisitions must be prepared and submitted for the remaining balance.
9—12	Document Number	A 14 digit nonduplicative number constructed so as to identify the military service, requisitioner, Julian data, and serial number. It is constructed as follows:

Data Block	Field Legend	Explanation and Instruction
9	Serv.	A one letter code to identify the service or component of the service. Navy codes are: R–Fleet operating units of CINCPACFLT V–Fleet operating units of CINCLANTFLT N–All activities other than fleet operating units of CINCPACFLT/CINCLANTFLT
10	Requisitioner	The unit identification code of the ship or activity. If number is less than five digits, it is preceded by zeros. NOTE: When ordering routine requirements, this is the UIC of your ship.
11	Date	Enter four digits representing the Julian data that the requisition is transmitted. The first position represents the last digit of the calendar year. The last three positions indicate the numeric consecutive day of the calendar year. For example: ØØ15 represents 15 January 197Ø. NOTE: The numeric consecutive day of the calendar year can be found on all Government issue calendar pads.
12	Serial	Enter a four position serial number. Serial numbers are usually assigned by blocks to ship's department or to commodities: serial numbers in the 97ØØ-9999 series are used by fleet activities for requisitioning ship's store stock including retail clothing. NOTE: Since the document numbers initially assigned by requisitioners are perpetuated on all subsequent supply and financial documents, under no circumstances may duplicate serial numbers be assigned on the same day.
13	Demand	The demand code must be assigned by the requisitioner to indicate whether the demand is recurring or nonrecurring. R–Recurring demand. To be assigned to all requisitions for: 1. Repair parts for replacement stock or DTO. 2. Consumables for replacement stock or DTO. 3. Equipage when ordered as a replacement for surveyed item. 4. Equipment and repairable components when ordered as replacements. N–Nonrecurring demand. To be assigned to requisitions for: 1. The initial quantity of newly allowed equipage and repairable components. 2. The initial load of repair parts and consumables for mobile logistic support ships. 3. Increases to the allowance/load list quantities of equipage and repairable components.

Data Block	Field Legend	Explanation and Instruction
14-15	Supplementary address	The supplementary address is a multiuse field. It may be used by the requisitioner to direct shipment of and/or charges for the material to another activity by entering the unit identification code of that activity or it may be used for local codes assigned by the requisitioner. 1. If another activity is to receive the material and/or be charged for the issue, the appropriate service code (assigned as for data block 9) and the unit identification code of the activity is entered in data block 14 and 15. 2. If the information is significant only to the requisitioner, "Y" is entered in data block 14, and a five character alpha, numeric or combination code entered in data block 15. This code may be used to identify material for DTO, to identify a storage location, or other information which is significant only to the requisitioner. (See data block 19 for additional data.) 3. These blocks may be left blank if their use is not appropriate.
16	Signal	A single alphabetic code that designates the activity to receive the material (ship to) and the activity to be charged for the issue (bill to). 1. When material is to be shipped to the requisitioner (data block 10): A—Requisitioner will be billed. B—Supplementary addressee will be billed (data block 15) D—No billing required (free issue). 2. When material is to be shipped to the supplementary address (data block 15): J—Requisitioner will be billed. K—Supplementary addressee will be billed. M—No billing required (free issue). NOTE: 1. Requisitioner may use "Y" and local code only with signal codes A, C, or D. NOTE: 2. If there are accounting instructions that cannot be covered by use of the signal and fund codes such instructions are written in the "Remarks" field (data blocks L through V). In this instance, document identifier AØ5 and AØE is used.
17	Fund	The fund code is a two character code to be used by all operating forces and commands. It indicates the accounting data for detailed financial processing of applicable charges.
18	Distribution	Distribution Field and Codes.—The distribution field of a requisition is a dual purpose field with two different uses for the Navy Supply System. The first field, one character, is common for all military services. An alpha character in

Data Block	Field Legend	Explanation and Instruction
18	Distribution	this field, for interservice transactions, represents the service point to receive status on requisitions. A numeric character in this field, for intra-Navy transactions also represents an activity to receive status on requisitions. The second field, two digits, columns 55 and 56, contains the Navy cognizance symbol for the item requisitioned. On service requisitions other than Navy, the field has significance only to the originator. Information cited in these fields is perpetuated on all subsequent documents.
Activity, in addition to the requisitioner (data block 10) or the supplementary addressee (data block 15), to receive supply status		
	(First position)	When applicable, and in accordance with fleet commander instructions, the alpha code identifying the activity, in addition to requisitioner or supplementary addressee, to receive supply status, is entered in the first position of data block 18.
Cognizance symbol	(Second and third positions)	Enter the appropriate Navy stores account code and cognizance symbol in the second and third positions of data block 18. (1Q, 9U, 1H, 9D, etc.)
19	Project	A three character code to identify the purpose, both routine and special projects, of the requisition and is a mandatory entry. These codes are recognized throughout any distribution system and assist suppliers in determining the appropriate method of handling and marking of shipments. NOTE: The third position of the project code may be used to provide the sixth digit of a storage location if needed.
20	Priority	A numeric code assigned by the requisitioner which indicates the mission of the requisitioner and the urgency of need for the material.
21	Reg. del. date	The priority delivery date of the assigned issue priority designator normally is considered to be the required delivery date; therefore, no required delivery date is entered in data block 21.
G-H-I-J-K	Status data	These blocks are left blank.
22	Advice	The advice code is used to provide specific instructions or required information to the supplier. This is not a mandatory entry but should only be used when necessary for conditions which dictate that advice or restriction is applicable to the supply action required for certain types of material. For example, 2B "requested item only will suffice. Do not substitute."
23		Leave blank.

Data Block	Field Legend	Explanation and Instruction
L-V	Remarks	This field is used to convey any additional information not provided for in the requisition format, but its use should be restricted to essential information only. When any information is entered in this field, document identifier AØE or AØ5 must be used.

Terms and Definitions

Terms frequently used in MILSTRIP, which were not included in the foregoing detailed explanation of DD Form 1348 entries, are listed and defined below:

BACKORDER—A requisition that cannot be filled by the supply activity from current stock and is being held until additional stock is received, at which time the issue will be made.

BACKORDER RECONCILIATION REQUEST—A request from a supply source to a requisitioner for a comparison of requisitions held on backorder by the supply source with those carried as outstanding by the requisitioner.

BACKORDER RECONCILIATION RESPONSE—Reply by a requisitioner to a backorder reconciliation request advising the supplier to: (1) hold a backorder until supplied or (2) cancel a backorder completely or partially.

CANCELLATION—A total or partial discontinuance of supply action requested by the requisitioner and confirmed by the supplier.

EXCEPTION STATUS—Any supply action other than issue of material in the quantity requested results in exception status.

FOLLOWUP—An inquiry by the requisitioner to the last known holder of a requisition as to the action taken on that requisition.

FOLLOWUP REPLY—Current status reply by the holder of the requisition in response to a followup.

MODE OF SHIPMENT—A 1-digit alphabetic or numeric character which identifies the initial method of shipment of material.

OUTSTANDING REQUISITION—A requisition for which all requested material has not been received.

PASSING ACTION—The term used when one supply source forwards your requisition to another supply source.

PRIORITY DELIVERY DATE—The maximum standard delivery date for requested material based on date and priority of the requisition and including requisition processing and order and shipping time.

SHIPMENT STATUS—Advice concerning shipment, including the estimated shipment date or the date shipped, the transportation control number (TCN) or bill of lading number, parcel post registration number, when applicable, the mode of shipment, and the port of embarkation (overseas) or date available for shipment in the United States excluding Alaska and Hawaii.

STATUS CODES—Alphabetic-alphabetic or alphabetic-numeric codes. They flow from supply sources to the originator of a requisition, consignee, or service designated control office, or from a defense automatic addressing system facility to a defense automatic addressing system subscriber, to inform recipients of the status of requisitions.

100% SUPPLY STATUS—Notification of immediate availability and intent to ship, nonpositive supply availability decisions, or a combination thereof (i.e., any action by the supplier including issue of the exact quantity requested).

Distribution of DD Form 1348

Actual distribution of the DD Form 1348 is determined by the number of parts in the form, the type of activity supplying the material, and the internal distribution requirements of the ship. Because of these factors no particular distribution pattern is discussed here. However, one copy must be forwarded to the source of supply (usually the top card), and one copy must be retained by the ship (in the material outstanding file).

REQUISITIONING FROM SPECIFIC SOURCES

As stated under "sources of supply" ship's store stock may be requisitioned from ships of the mobile logistic force, excess stock lists, and supply support activities ashore.

Excess Stock Lists

Excess stock lists are lists that are promulgated by type commanders. The list represents those ship's store items that individual ships report to their type commander as being in-excess of their needs. Ships are usually required by regulations to prepare requisitions against these lists, if practicable, prior to procurement by any other method.

Mobile Logistic Support Force

When a ship is on an extended deployment, supplies may be obtained from ships of the mobile logistic support force. These ships (store issue ships, tenders, repair ships, mine warfare command, and other support type ships) offer a relatively wide selection of the most popular and essential ship's store items. The Ship's Store Afloat Requisitioning, Load List and Stocking Guide indicates those items that are available from ships of the mobile logistic support force. The guide also contains information on how to prepare requisitions to obtain the items listed, and a listing of the items carried by Pacific naval supply depots.

Supply Support Activities Ashore

When required items of ship's store stock are not available from the excess stock list, Ship's Store Afloat Stock Catalog, or from contract bulletins, or when the requirements for items listed in the Ship's Store Afloat Stock Catalog exceed $2,500 per purchase order, requisitions may be submitted to the local supply support activity. In addition to those items defined above, requisitions for clothing items are normally forwarded to the assigned local supply support activity (NSC, NSDs, etc.).

TRANSFERS

Transfer is another method for ships to obtain authorized ship's store items. The method of obtaining supplies by the transfer method is, in terms of administrative effort on your part, the easiest of all methods of procurement because the detailed coding required by UMMIPS is eliminated. In fact, in most instances all that is required is the preparation of the form, and agreement by the accountable officers on quantities.

DD Form 1149

The transfer method differs from the requisition method primarily in accounting for the receipt. When material is obtained as a result of a requisition, usually all that is involved as far as accounting is concerned is a transaction within the NSA. Transfers, on the other hand, can and usually do involve other funds/functional accounts. For this reason, a different form is usually used to transfer items used in ship's store operation, the Requisition and Invoice/Shipping Document, DD Form 1149.

A DD Form 1149 prepared for requisitioning stock from general stores is illustrated in figure 5-4. The accounting information for the most part is inserted under the preprinted captions on the form. However, if you will notice, the functional account number (51005) is shown under the preprinted caption "cost code." This is because the form has many uses. For the same reason, it is not necessary to fill in all blocks when it is used as a requisition.

SOURCES OF TRANSFERS

The DD Form 1149 may be used as the procurement document to obtain ship's store stock from the following sources:

- The general mess
- General stores
- Other Government departments
- Other supply officers

General Mess

Food items required for the preparation of ice cream and fountain drinks, including fruit and vegetable juices, may be transferred from the general mess to the ship's store.

Other Supply Officers

In addition to those items appearing on an excess list, requisitions for authorized items of ship's store stock may be submitted on a mutual agreement basis to other supply officers.

General Stores

General stores material considered to be included in the category "hardware, hobby shop material and supplies, "may be transferred to the ship's store for resale if all of the following conditions are met:

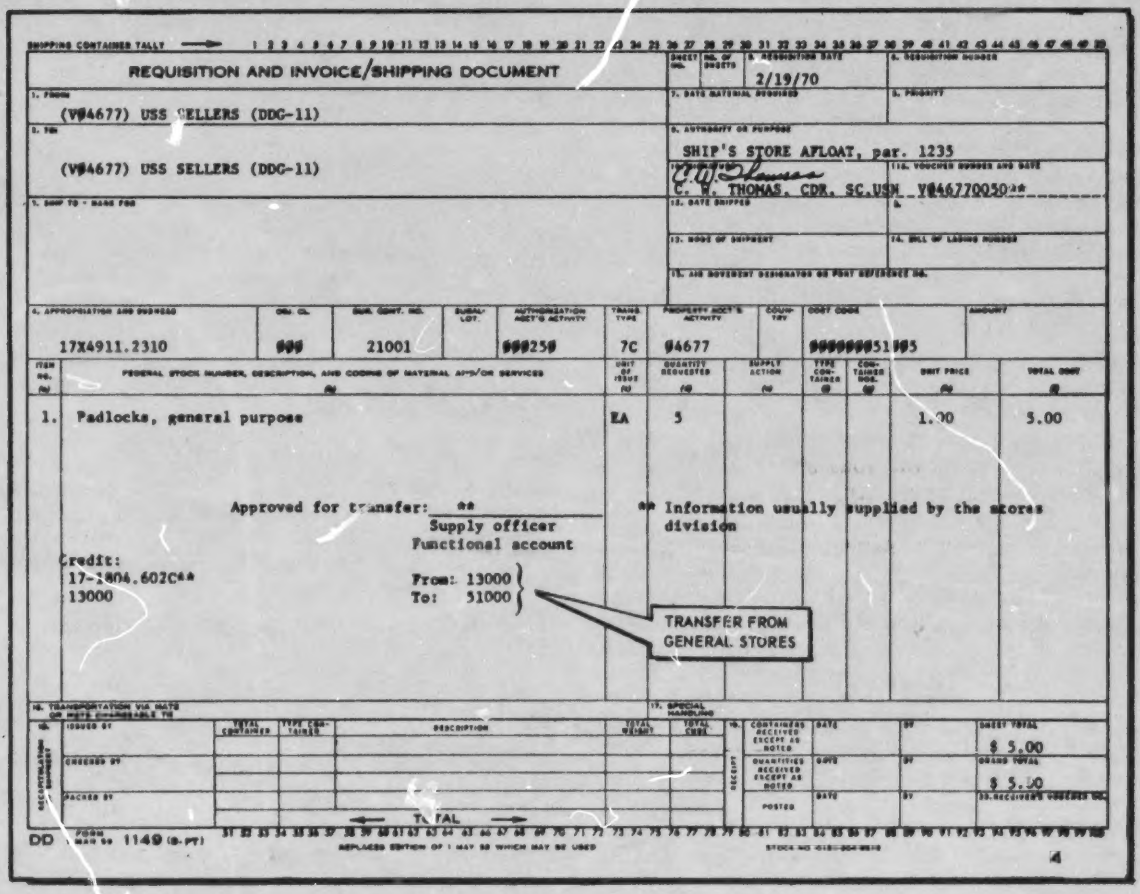
- If the material can be spared in limited quantities
- If not readily obtainable from commercial sources
- If approved by the commanding officer for work normally performed in hobby shops (see fig. 5-4).

Other Government Departments

Ship's store stock may be requisitioned from other Government departments including the Marine Corps, the Army, and the Air Force, in the Navy Stock Account, Functional Account 51000. The value of such stock must be taken up as a receipt from purchase, and receipt vouchers must be checked before signing to ensure that such vouchers contain the following information:

- Date of receipt
- Unit price
- Extensions
- Totals
- Authority for transfer

If the issuing activity submits an invoice or other document for signature, the following statement must be placed on the invoice: "This material has been taken up in the Navy Stock Accounts functional account 51000."



REQUISITION AND INVOICE/SHIPPING DOCUMENT

2/19/70

1. FROM: (V$4677) USS SELLERS (DDG-11)

2. TO: (V$4677) USS SELLERS (DDG-11)

7. DATE MATERIAL REQUIRED

8. AUTHORITY OR PURPOSE: SHIP'S STORE AFLOAT, par. 1235

11. SIGNATURE: C. W. THOMAS, CDR, SC, USN

11a. VOUCHER NUMBER AND DATE: V$46770050**

4. APPROPRIATION AND PURPOSE: 17X4911.2310

AUTHORIZATION AGT'D ACTIVITY: $$$250

TRANS TYPE: 7C

PROPERTY ACCT'S ACTIVITY: $4677

COST CODE: $$$$$$$51995

ITEM NO.	FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIAL AND/OR SERVICES	UNIT OF ISSUE	QUANTITY REQUESTED	SUPPLY ACTION	UNIT PRICE	TOTAL COST
1.	Padlocks, general purpose	EA	5		1.00	5.00

Approved for transfer: **
Supply officer
Functional account

** Information usually supplied by the stores division

Credit:
17-1804.602C**
13000

From: 13000
To: 51000

TRANSFER FROM GENERAL STORES

	TOTAL CONTAINERS	TYPE CONTAINER	DESCRIPTION	TOTAL WEIGHT	TOTAL CUBE
ISSUED BY					
CHECKED BY					
PACKED BY			TOTAL		

RECEIPT: CONTAINERS RECEIVED EXCEPT AS NOTED — DATE — BY — SHEET TOTAL $ 5.00
QUANTITIES RECEIVED EXCEPT AS NOTED — DATE — BY — GRAND TOTAL $ 5.00
POSTED — DATE — BY

DD FORM 1149 (5-PT)

43.3

Figure 5-4.—Requisition from General Stores (DD Form 1149).

If the issuing activity submits a Voucher for Transfer Between Appropriations and/or Funds (Standard Form 1080), the activity billed must complete the "accounting classification" section of the form by inserting the following?

1. The Navy Stock Fund
2. Functional account 51000
3. UIC of the ship

PURCHASING

Purchasing in the broad sense means that a purchase order signed by some Government official in his capacity as a contracting officer is forwarded to a supplier requesting the future delivery of supplies or the performance of services other than personal services. These supplies or services are to be provided in exchange for a promise by the Government to pay the price stated in the order upon delivery or performance. The purchase order must also state the terms, date and time of delivery, the authority for the purchase, other essential information necessary for each party to be aware of his responsibility, and finally the contract must comply with various administrative procedures and legislative restrictions designed to safeguard the expenditure of public funds.

As you can see, purchase as a means of procurement can be pretty complicated. Fortunately, you as a Ship's Serviceman will not be required to be an expert in the art of negotiating contracts with suppliers in order to obtain ship's store stock for your ship. For the most part, and for the majority of your needs, NRSO or a designated purchasing office will have already entered into agreements with suppliers for them to deliver supplies to you upon receipt of your delivery order. These agreements (contracts) cover all of the elements previously discussed, and they also will ensure that your ship will get first class quality merchandise. For this reason the Ship's Store Afloat Stock Catalog and Ship's Store Contact Bulletin should be your first and principal source of procuring ship's store stock from commercial suppliers.

NAVSUP FORM 48

The Order and Inspection Report, NAVSUP Form 48 is used as the procurement document to obtain ship's store items appearing in the Ship's Store Stock Catalog, Ship's Store Contract Bulletin, and from Navy exchanges. The "48" is a multiple purpose form. It can be used as a delivery order to obtain those items already under contract, as a purchase order, and as a receiving/inspection report.

Preparation

A NAVSUP Form 48 must be prepared separately for retail items. Tax-free tobacco products, vending machine items, fountain items and other cost items. A NAVSUP Form 48 is illustrated in figure 5-5. The form illustrated was prepared to obtain the delivery of an item under contract. Explanations for the captions are self explanatory or are explained on the form.

Distribution

Procedures for paying the bill determine the distribution of the NAVSUP Form 38. The procedures are discussed below.

Supplier Submits Bill to Paying Office

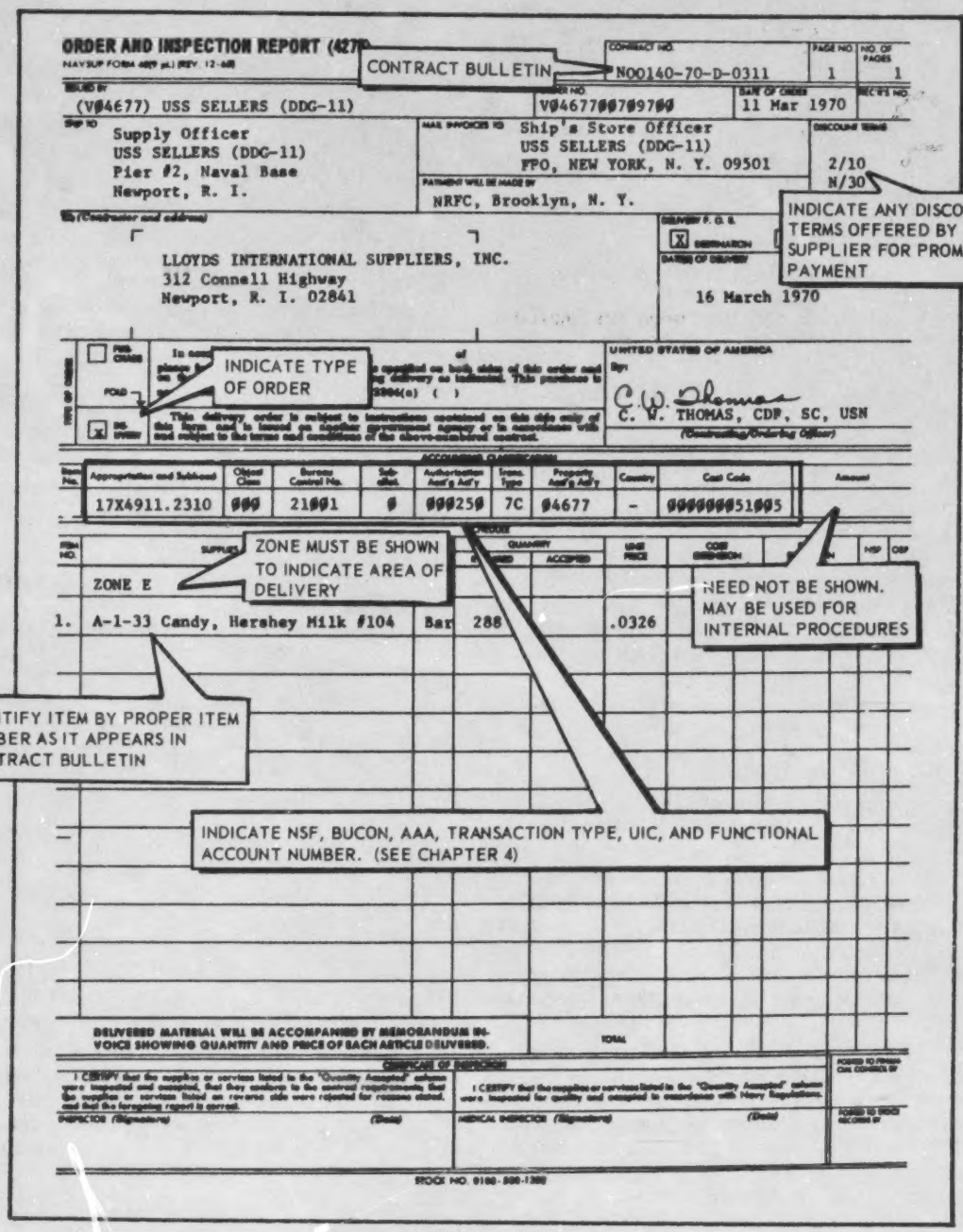
Under these procedures, called the "fast pay" and "certificate of conformance," the supplier who receives a fast payment order ships the material to the designated address and at the same time submits his invoice to the paying activity. He certifies on his invoice that he has complied with the terms of the purchase order, and he agrees to replace, repair, or correct supplies not received at destination, damaged in transit, or not conforming to purchase requirements. This system is used when procuring items through the Ship's Store Contract Bulletin, and detailed instructions are provided in the bulletin.

On initial preparation the NAVSUP 48 is distributed as follows:

- Original signed by the contracting officer, and one unsigned copy to the contractor.
- One signed copy to purchase order file.
- One copy to the receiving Ship's Serviceman for the incoming material file.
- Two copies to the shore supply activity when delivery via that activity is specified.
- Remaining copies to the outstanding order file.

In addition to the information shown in figure 5-5, the NAVSUP 48 must be annotated as follows:

- For orders of $2,500 and under: "FAST PAY PROCEDURES APPLY," and outer shipping containers must be marked "FAST PAY."


ORDER AND INSPECTION REPORT (427)
CONTRACT BULLETIN
N00140-70-D-0311
(V04677) USS SELLERS (DDG-11)
11 Mar 1970
Supply Officer
USS SELLERS (DDG-11)
Pier #2, Naval Base
Newport, R. I.
Ship's Store Officer
USS SELLERS (DDG-11)
FPO, NEW YORK, N. Y. 09501
NRFC, Brooklyn, N. Y.
2/10
N/30
INDICATE ANY DISCOUNT TERMS OFFERED BY THE SUPPLIER FOR PROMPT PAYMENT
LLOYDS INTERNATIONAL SUPPLIERS, INC.
312 Connell Highway
Newport, R. I. 02841
16 March 1970
INDICATE TYPE OF ORDER
UNITED STATES OF AMERICA
C. W. THOMAS, CDR, SC, USN
17X4911.2310
21
7C
04677
ZONE MUST BE SHOWN TO INDICATE AREA OF DELIVERY
NEED NOT BE SHOWN. MAY BE USED FOR INTERNAL PROCEDURES
ZONE E
1. A-1-33 Candy, Hershey Milk #104 Bar 288 .0326
IDENTIFY ITEM BY PROPER ITEM NUMBER AS IT APPEARS IN CONTRACT BULLETIN
INDICATE NSF, BUCON, AAA, TRANSACTION TYPE, UIC, AND FUNCTIONAL ACCOUNT NUMBER. (SEE CHAPTER 4)
DELIVERED MATERIAL WILL BE ACCOMPANIED BY MEMORANDUM IN-VOICE SHOWING QUANTITY AND PRICE OF EACH ARTICLE DELIVERED.
TOTAL

43.23

Figure 5-5.—Purchasing under Contract (NAVSUP Form 48).

- For orders in excess of $2,500: "CERTIFICATE OF CONFORMANCE PROCEDURES APPLY."
- "One copy of dealer's invoice must be mailed to the ship, care of Fleet Post Office (insert applicable FPO)."

Supplier Submits Bill Directly to Ship

On initial preparation the NAVSUP 48 is distributed as follows:

- Signed original retained by the ship when delivery is to be made direct to the ship. Signed original must be forwarded to the supply activity ashore when that activity has been designated to process the dealer's bill for payment.
- One signed copy to the contractor.
- One signed copy to purchase order file.
- One copy to the receiving Ship's Serviceman for the incoming material file.
- Three copies to the shore supply activity when delivery via that activity is specified.
- Remaining copies to the outstanding order file.

PURCHASING FROM DESIGNATED SOURCES

Two important sources for purchase of ship's store stock have been mentioned. These and other sources are discussed below.

Ship's Store Contract Bulletin

The Ship's Store Contract Bulletin is a fixed price indefinite quantity contract bulletin for use by ships. It is issued at the request of NRSO by a designated purchasing activity. It contains descriptions and purchase information for low cost authorized ship's store items of a recurring nature. The bulletin also contains information such as:

- Who may use the bulletin
- Zones (for the purpose of delivery and prices, the U.S. is divided into geographic areas with each area designated as a "zone"). For example, the San Diego area is designated as zone "D," and the Key West area as zone "J."
- Ordering information
- Delivery information
- Accounting data and payment information
- Instructions for preparing the NAVSUP Form 48
- List of suppliers

The bulletin is issued periodically, and if conditions dictate, pen and ink changes are issued to each holder as numbered supplements.

Ships may place delivery orders in any amount directly to the vendors by using the NAVSUP Form 48. In using the bulletin certain points must be remembered; these are:

- Only items in the bulletin can be ordered direct from the vendor
- Orders for items not in the bulletin must be submitted to the local supply support activity for procurement (simplified requisition and purchase procedure).
- Do not order items from one zone for delivery in another zone.
- Item and zone number must be indicated on each order

Ship's Store Afloat Stock Catalog

The Ship's Store Afloat Stock Catalog, promulgated by NRSO, contains descriptions and purchase information for authorized items of ship's store stock. Items listed are mostly staple items such as; cameras and photo accessories, electrical appliances, hobby items—games, typewriters, uniform accessories, et cetera. Normally the NAVSUP Form 48 is used as the procurement document to purchase items listed in the catalog and these purchases must not exceed $2,500 per purchase order. Purchase orders are issued directly to the vendors listed in the catalog. During the period ships are deployed overseas, the parcel post system must be used exclusively in effecting delivery of merchandise.

Navy Exchanges

Limited quantities of authorized items of ship's store stock may be purchased from Navy exchanges. In general, purchases from Navy exchanges are limited to items not available from other sources. The NAVSUP Form 48 is used. Bills submitted by the Navy exchange officer from whom purchases are made must bear a certification by (the Navy exchange) officer that prices stated are at cost in accordance with the Navy Exchange Manual.

Simplified Requisition and Purchase Procedure

When the sources of supply previously defined in this chapter are not available or the requirements for items listed in the Ship's Store Afloat Stock Catalog exceed $2,500 per purchase order, requisitions may be submitted to the local supply support activity.

The NAVSUP Form 48 is used, and the procedure is called the "simplified requisition and purchase procedure." It is called this because of the dual purpose the 48 is used for. Basically, the ship fills in enough blocks of the form for the local supply support activity to identify the ship requirement (requisition), and leaves certain blocks blank for the local supply support activity to use in negotiating the contract (purchase) with a supplier. Figure 5-6 is an example of a NAVSUP Form 48 prepared to obtain ship's store stock under this procedure. As you study figure 5-6 observe that the following blocks on the "48" are left blank by the ship:

- The order number
- The block "issued by"
- Date of order block
- The "to" (name and address of contractor)
- Delivery f.o.b. (free on board), discount terms, type of order, and by (signature block)

These blocks are completed by the local supply support activity. You will also notice that the accountable officer must certify and sign the "48" on the bottom line of the "supplies or services" column.

Distribution of NAVSUP 48.—The original and four copies of the "48" must be submitted to the local supply support activity, and the remaining copies retained by the ship. Upon the placing of the order, the purchasing activity will return one completed copy to the ordering ship. Upon receipt of this copy you should complete your retained copies of the "48" and carry out internal distribution procedures.

PROCUREMENT OF EQUIPMENT AND SERVICES

So far we have discussed how you procure special and standard items for the ship's store. As a Ship's Serviceman Clerk you will have additional procurement responsibility; specifically you must know the procedures for initiating procurement action for equipment, and the methods of procuring commercial services. These are discussed in the following sections.

Minor Equipment and Operating Supplies

Minor equipment (unit cost of less than $100), and operating supplies which are necessary for the efficient operation of the ship's store and related service activities are authorized to be procured for use and are charged as a cost of operation (SSPN, Functional Account 75400).

If practicable, such items must be requisitioned from other supply officers or transferred from general stores. If such procedure is impracticable, the required item may be purchased through the Ship's Store Afloat Stock Catalog, the Ship's Store Contract Bulletin, or directly from commercial suppliers on a purchase order. The latter procedure is used only in emergency and the general purchase procedures outlined in NAVSUP Manual must be followed.

Equipment Repairs By Commercial Firms

The services of a commercial serviceman to repair minor equipment may be procured on a NAVSUP Form 48. The cost of these services is charged as a cost of operation.

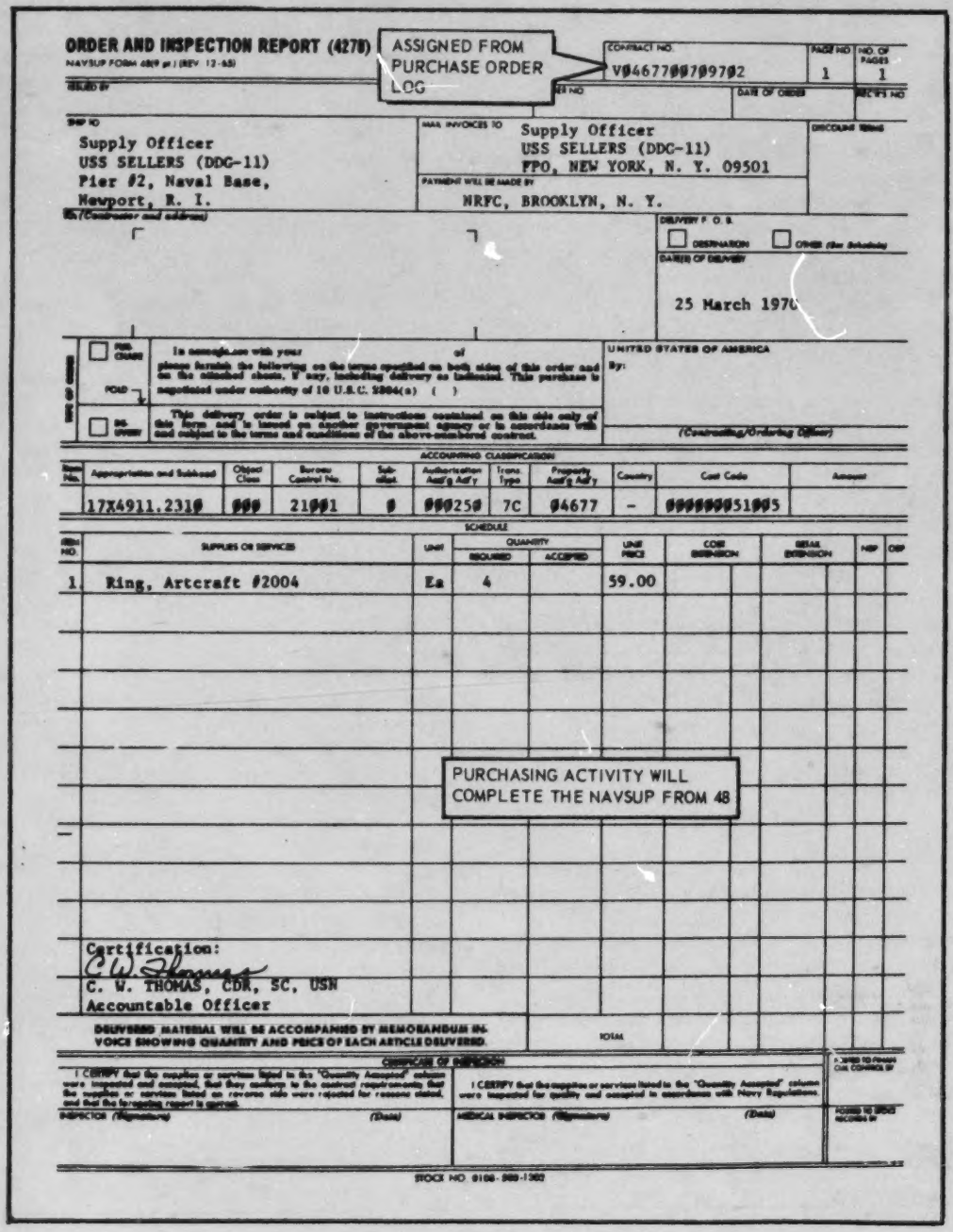
Major Equipment

The services of a commercial serviceman to repair minor equipment may be procured on a NAVSUP Form 48. The cost of these services is charged as a cost of operation.

Major Equipment

Major equipment (unit cost exceeding $100), in the nature of installed material, except soft ice cream machines, vending machines, popcorn machines, and related items, such as coin changers and coin counting devices are under the cognizance of the Naval Ship Systems Command (NAVSHIPSYSCOM) and are included as allowance list items. Ship's store profits may not be used for the procurement of major equipment and fixtures under the cognizance of NAVSHIPSYSCOM.

Ship's Store divisions requiring major equipment and fixtures normally submit their requests to the stores division of the supply department



ORDER AND INSPECTION REPORT (4278)

NAVSUP FORM 48 (REV. 12-65)

ASSIGNED FROM PURCHASE ORDER LOG

CONTRACT NO. V04677**9709702 | PAGE NO. 1 | NO. OF PAGES 1

ISSUED BY | REQ NO. | DATE OF ORDER | REC'D NO.

SHIP TO
Supply Officer
USS SELLERS (DDG-11)
Pier #2, Naval Base,
Newport, R. I.

MAIL INVOICES TO
Supply Officer
USS SELLERS (DDG-11)
FPO, NEW YORK, N. Y. 09501

DISCOUNT TERMS

PAYMENT WILL BE MADE BY
NRFC, BROOKLYN, N. Y.

(Contractor and address)

DELIVERY F. O. B.
☐ DESTINATION ☐ OTHER (See Schedule)

DATE(S) OF DELIVERY
25 March 1970

☐ FOR CLOSE / ☐ FOR OPEN

In accordance with your _____ of _____ please furnish the following on the terms specified on both sides of this order and on the attached sheets, if any, including delivery as indicated. This purchase is negotiated under authority of 10 U.S.C. 2304(a) ( )

This delivery order is subject to instructions contained on this side only of this form and is issued on another government agency or in accordance with and subject to the terms and conditions of the above-numbered contract.

UNITED STATES OF AMERICA
By:
(Contracting/Ordering Officer)

ACCOUNTING CLASSIFICATION

Item No.	Appropriation and Subhead	Object Class	Bureau Control No.	Sub-allot.	Authorization Agt's Agt'y	Trans. Type	Property Agt's Agt'y	Country	Cost Code	Amount
	17X4911.2310	000	21001	0	000250	7C	04677	-	0000000051005	

SCHEDULE

ITEM NO.	SUPPLIES OR SERVICES	UNIT	QUANTITY REQUIRED	QUANTITY ACCEPTED	UNIT PRICE	COST EXTENSION	GEAR EXTENSION	MSP	CRP
1.	Ring, Artcraft #2004	Ea	4		59.00				

PURCHASING ACTIVITY WILL COMPLETE THE NAVSUP FROM 48

Certification:
C W Thomas
C. W. THOMAS, CDR, SC, USN
Accountable Officer

DELIVERED MATERIAL WILL BE ACCOMPANIED BY MEMORANDUM INVOICE SHOWING QUANTITY AND PRICE OF EACH ARTICLE DELIVERED.

FORM

CERTIFICATE OF INSPECTION

I CERTIFY that the supplies or services listed in the "Quantity Accepted" column were inspected and accepted, that they conform to the contract requirements that the supplies or services listed on reverse side were rejected for reasons stated, and that the inspection report is correct.

INSPECTOR (Signature) (Date)

I CERTIFY that the supplies or services listed in the "Quantity Accepted" column were inspected for quality and accepted in accordance with Navy Regulations.

MEDICAL INSPECTOR (Signature) (Date)

SIGNED TO FINANCE CHK CONTROL BY

POSTED TO STOCK RECORDS BY

STOCK NO. 0108-[illegible]

43.23

Figure 5-6.—Simplified Requisition and Purchasing (NAVSUP Form 48).

for procurement. Additional information is included in NAVSUP P-487.

Resale Outlet Fixtures

Ships desiring to improve resale outlets by replacing expanded metal display cases or nonstructural bulkhead areas of the sotre with approved glass and stainless steel or aluminum cases with fluorescent lighting and with adjustable plexiglass shelves must obtain authorization for the accomplishment of such improvement from the cognizant type commander.

The cost of materials for modernization and improvement of resale outlets may be financed from the ship's OPTAR when approved by the cognizant type commander. However, when such funds are not available, the cost of material may be charged to SSPN, and must be reported on the Ship's Store Operating Statement (NAVSUP Form 234). When the individual ship's store does not have enough money in SSPN, a loan may be requested from NRSO for a period of up to a maximum of three years to cover the costs of modernization.

The actual procurement of materials required to accomplish the modernization is accomplished in accordance with instructions issued by the cognizant type commander or NRSO.

Soft Ice Cream, Vending, Popcorn Machines, and Related Items

NRSO has been designated as the control point for the procurement of soft ice cream, vending, popcorn machines, and related items, such as coin changers and coin counting devices used in ship's stores. Two or more vending machines must be in operation aboard a ship in order to procure coin counting devices. Coin-operated cold drink vending machines must be of the cup type. Machines must be procured with nonappropriated funds; no appropriated funds can be expended for maintenance or repairs, and installation must be accomplished by forces afloat.

If initial installation of a soft ice cream or popcorn machine is desired, a request must be forwarded to the NAVSHIPSYSCOM via the type commander for authority.

Authority to Procure.—Fleet commanders specify the type of merchandise by ship class for which vending machines may be approved for installation afloat. Only machines that vend the type of merchandise approved by the fleet commander can be requested by ships, and requests for authority for the installation of vending machines must be forwarded to NAVSHIPSYSCOM. Each request must include an inventory of machines installed and the location and weight of each unit.

Procurement Procedure.—After authority to install a soft ice cream, popcorn, or vending machine has been received, a letter requesting procurement must be addressed to NRSO setting forth the following information:

- Complete description of the machine desired, including nomenclature, model, and capacity; and for soft ice cream machines only, type, style, voltage, amperage, phase, cycle, and size.
- Accessory equipment desired, such as coin changer, repair parts, converter, and other required items.
- Other information necessary to ensure procurement of the equipment desired.
- Requisition number in the ship's regular requisition series.
- Date required (no less than 60 days for soft ice cream machines, and 21 days for vending and popcorn machines).
- Specific delivery instructions.
- Reference to the letter of authority for installation.
- Statement of the general condition of the machine being replaced, including date of acquisition and serial number of the equipment.

Replacement Machines.—Requests for replacement of authorized soft ice cream, popcorn, or vending machines weighing the same as or less than the original machine are submitted directly to NRSO. Requests for replacement of authorized machines of a greater weight than the machine to be replaced are processed as described for initial installation.

Funds.—Soft ice cream, popcorn, vending machines, and related items are procured from the funds administered by NRSO as a charge to SSPN, Functional Account 75400.

Ships are required to reimburse NRSO from profits generated by their store. If sufficient funds are not available, a loan may be advanced by NRSO. Repayment instruction is provided by

NRSO upon receipt of information that the requested equipment has been received. Normally, ships are required to repay the loan in three installments. However, ships having a complement of less than 350 may request authority to repay the loan in five installments.

Repair Parts.—Repair parts for permanently installed soft ice cream, popcorn, and vending machines may be procured for stock. Such stock may be requisitioned from other supply officers or may be transferred from general stores under the Navy Stock Account. If it is impracticable to requisition repair parts, such items may be purchased directly from commercial suppliers. These repair parts are accounted for in the same manner as regular ship's store stock and, when issued, expended as a cost of operation.

Repairs By Commercial Firms.—The services of a commercial company to repair soft ice cream, popcorn, and vending machines may be procured on a NAVSUP Form 48. The cost of the service plus any parts furnished by the firm in making the repairs is a direct charge to SSPN, functional account 75400. (See figure 5-7.)

OTHER COMMERCIAL SERVICES

As you recall from our discussion in chapter 2, services were defined as non-material requirements. In ship's store operation, commercial services generally means procuring laundry and drycleaning services.

During periods of inoperation of a ship's store, such as may occur when a ship is undergoing repair or overhaul or when personnel or space limitations prevent the operation of a laundry or dry cleaning service, such services may be procured from Navy exchanges or from commercial sources upon authorization of the commanding officer.

A NAVSUP Form 48 is used to procure laundry and dry cleaning services from Navy exchanges and commercial sources. The "48" is prepared under SSPN, Functional Account 75400, and must contain the following statement:

> "Ship's store profits are obligated to cover the cost of the services listed hereon."

DEALERS' BILLS

Ship's store stock received from commercial sources, Navy exchanges, and services received from commercial sources must be paid for by the ship on rendition of a bill. This is not to imply that ship's store stock from sources other than these is not paid for. Stock and services received from sources other than commercial and from Navy exchanges are usually paid for by the "transfer between appropriations" method at NFC, Cleveland. Ship's store stock and commercial services received from Navy exchanges and commercial suppliers are paid for at the ship or regional level.

Processing Dealers' Bills for Payment

The payment of dealers' bills may be made by the Navy Regional Finance Center (NRFC) serving your area, by the NRFC, Washington, D.C., or by the disbursing officer aboard your ship. The final determination as to where the bills must be submitted for payment is determined by your location, the instructions in contract bulletins, and by directions in the NAVSUP Manual. In each instance the paying office must be indicated on the purchase order.

In areas not served by a NRFC, such as some overseas bases, the disbursing officer of your ship is authorized to pay the bills. You prepare the bill in the same way as you would when forwarding it to a NRFC.

Delivery Direct to a Ship.—Upon receipt, the dealer's bill is checked by the accountable officer or his designated officer assistant against a copy of the purchase document bearing the signed certification of inspection to ensure that the quantities billed are in agreement with the quantities accepted. The original and three copies of the dealer's bill with two copies of the purchase order indicating date of acceptance must than be transmitted to the activity designated in the applicable contract bulletin.

Delivery To a Shore Activity.—When material is delivered to a shore activity, that activity must certify the purchase document as to receipt and inspection and must process the dealer's bill for payment.

ORDER AND INSPECTION REPORT (4278)
NAVSUP FORM 4879 pt I (REV. 12-65)

CONTRACT NO.	PAGE NO	NO. OF PAGES
	1	1

ISSUED BY	ORDER NO	DATE OF ORDER	REC'S NO
(V04677) USS SELLERS (DDG-11)	V04677007097001	11 Mar 1970	

SHIP TO
Supply Officer
USS SELLERS (DDG-11)
Pier #2, Naval Base
Newport, R. I.

MAIL INVOICES TO
SUPPLY OFFICER
USS SELLERS (DDG-11)
FPO, NEW YORK, N. Y. 09501

DISCOUNT TERMS
2/10
N/30

PAYMENT WILL BE MADE BY
NRFC, BROOKLYN, N. Y.

TO (Contractor and address)
COCA COLA COMPANY
109 Connel Highway
Newport, R. I.

DELIVERY F. O. B.
[X] DESTINATION [ ] OTHER (See Schedule)

DATE(S) OF DELIVERY
13 March 1970

PURCHASE ORDER
[XX] PURCHASE
FOLD
[ ] DELIVERY

In accordance with your PHONCON of 11 March 1970 please furnish the following on the terms specified on both sides of this order and on the attached sheets, if any, including delivery as indicated. This purchase is negotiated under authority of 10 U.S.C. 2304(a) (3)

This delivery order is subject to instructions contained on this side only of this form and is issued on another government agency or in accordance with and subject to the terms and conditions of the above-numbered contract.

UNITED STATES OF AMERICA
By: C. W. Thomas
C. W. THOMAS, CDR, SC, USN
(Contracting/Ordering Officer)

ACCOUNTING CLASSIFICATION

Item No.	Appropriation and Subhead	Object Class	Bureau Control No.	Sub-allot.	Authorization Acct'g Act'y	Trans. Type	Property Acct'g Act'y	Country	Cost Code	Amount
	17X8723	000	21001	0	000250	7C	04677	-	0000000754000	

SCHEDULE

ITEM NO.	SUPPLIES OR SERVICES	UNIT	QUANTITY REQUIRED	QUANTITY ACCEPTED	UNIT PRICE	COST EXTENSION	RETAIL EXTENSION	NSP	OSP
	necessary service (labor and material) to repair vending machine No. 1.	Job	1		20.00 (est)				

DELIVERED MATERIAL WILL BE ACCOMPANIED BY MEMORANDUM INVOICE SHOWING QUANTITY AND PRICE OF EACH ARTICLE DELIVERED.

TOTAL

CERTIFICATE OF INSPECTION

I CERTIFY that the supplies or services listed in the "Quantity Accepted" column were inspected and accepted, that they conform to the contract requirements, that the supplies or services listed on reverse side were rejected for reasons stated, and that the foregoing report is correct.

INSPECTOR (Signature) (Date)

I CERTIFY that the supplies or services listed in the "Quantity Accepted" column were inspected for quality and accepted in accordance with Navy Regulations.

MEDICAL INSPECTOR (Signature) (Date)

POSTED TO FINANCE CIVIL CONTROL BY

POSTED TO STOCK RECORDS BY

STOCK NO. 0108-500-1302

43.23

Figure 5-7.—Purchasing services (NAVSUP Form 48).

Follow-Up On Dealers' Bills

When purchased material has been received without dealers' bills and the purchase documents specify that dealers' bills are to be submitted to the receiving activity, steps must be taken to ensure that dealers' bills are received and forwarded for payment within a reasonable length of time. If the ship is located overseas, this reasonable length of time means before the ship's departure from the area. If this cannot be accomplished, arrangements for payment should be made with a shore activity, local naval attache, naval observer, or consular officer. When arrangements are made with the above officials, copies of the purchase order certified as to the receipt and inspection of the supplies must be provided. If no arrangements can be made, dealers must be informed that payment of bills will be delayed because of the sailing of the ship before their receipt and that payment will be made promptly upon receipt of such bills in the mail.

Discounts

Discounts offered by vendors must be taken by the ship if dealers' bills are forwarded for payment within the prescribed time limits. It is extremely important that you take all discounts. To permit ready identification of a dealer's bill offering discount, a Discount Expires Label (NAVCOMPT Form 442), should be stapled to the upper left corner. See figure 5-8. The expiration date is entered on this form by the activity which performs the inspection and forwards the dealer's bill for payment. Dealers' bills not subject to discount should be forwarded for payment within 10 days from date of receipt of the material or the dealer's bill, whichever is later.

NAVCOMPT FORM 442 (2-59)
IA 0104-700-7200

FOLD LINE

INVOICE RECEIVED 3/10/70

DISCOUNT

EXPIRES 3/17/70

43.37

Figure 5-8.—Discount expire label (NAVCOMPT Form 442).

PROCUREMENT LOGS AND FILES

When you prepare procurement documents, you must maintain certain logs and files. These and the purposes they serve are discussed below.

LOGS

All outgoing requisitions and purchase orders must be recorded when they are prepared. Usually a standard ruled log book is used, and requisitions and purchase orders may be entered in the same book. Following is the format and purpose of each type of log.

Requisition Log

The requisition log is used to maintain a record of all requisitions issued. The headings required are:

Date	Reqn. Ser.	Sent to	Amount	Date Received

Purchase Order Log

The purchase order log is used to maintain a record of all purchase orders issued and to serve as a reminder to forward all dealers' invoices promptly for payment. It requires the following heading:

Date	P.O. Ser.	Issued to	Amount	Date Rec'd.	Forwarded for payment	
					Date	To

FILES OF REQUEST OUTSTANDING

Outstanding requisitions and outstanding purchase orders are filed as a means of checking on delivery.

Requisitions

The outstanding requisition file contains copies of all requisitions submitted to other supply officers for which the material has not been received. In addition, the file also contains all papers and correspondence relating to the particular requisition. Requisitions remain in this file pending receipt of the material.

Purchase Orders

The outstanding purchase order file contains copies of all purchase orders and delivery orders placed with commercial dealers or Navy exchanges, and like the outstanding requisition file, it contains all papers and correspondence relating to the particular purchase order.

CHAPTER 6

INVENTORY AND STOCK CONTROL

Inventory and Stock control encompasses stocking, issuing, selling, and accounting for ship's store stock.

As you study this chapter you will learn that the term "inventory and stock control" means much more than just the physical inventory of material in storerooms, and the posting of stock records. These are only parts. Inventory and stock control requires control and agreement between stock and stock records, evaluating usage, and anticipating requirements.

TERMS

There are several terms used in inventory and stock control that you should be familiar with.

ACCOUNTABILITY—The obligation, which is imposed upon any person authorized to have public property in his custody or possession, to produce the property or evidence of its authorized disposition when directed by proper authority or upon proper occasion.

ACCOUNTABLE OFFICER—An officer who is charged by law, regulation, or lawful order with the responsibility for public funds or property. In fulfilling this responsibility he must ensure that accurate records are maintained, that the funds or property are properly used, and submit periodic returns to reflect current inventory status.

COMBINED ACCOUNTABILITY—Refers to the operating procedures that must be followed when the retail store, vending machine, bulk storeroom, and fountain are operated by the same person.

SEPARATE ACCOUNTABILITY—Refers to the operating procedures that must be followed when the retail store, vending machine, bulk storeroom, and fountain are operated by different persons.

INVENTORIES

A good inventory involves much more than just determining the quantities of material in a storeroom or in all retail outlets. Through inventories, final accounting of stock can be made. It is through them that stock records are brought into agreement with stock on hand, correct money value balances are determined, and accountability is reestablished.

INVENTORY PERIODS

A complete physical inventory of the stocks in the retail stores and bulk storeroom must be taken at the following times:

- At the end of each regular 4-month accounting period or on the last business day immediately preceding such date when such date falls on a weekend or holiday
- Upon relief of the accountable officer
- Upon relief of the retail store operator or bulk storeroom personnel having custody of the stock
- When a ship is transferred from "in commission" to "in service"
- At any other time at the discretion of the accountable officer or when directed by the commanding officer
- Upon receipt of a change in standard prices (clothing items only)

In addition, monthly inventories must be taken in self-service activities and in retail outlets operated by more than one individual. These inventories may be taken at any time during the month at the discretion of the accountable officer, but must not be taken during the month at the end of the accounting period.

SH RESPONSIBILITIES DURING INVENTORY

The part that you will play in the inventory process is determined by your assignment in the ship's store organization.

Good Stowage

If you are the bulk storeroom SH or a retail outlet operator, one of your most important responsibilities in preparing for the inventory of your space is the arrangement of stock. You should inspect your space in advance to determine if the stores are properly identified and stowed to facilitate the inventory. Sea stowage may need to be modified to permit access to all items, but safety of personnel and stores must not be sacrificed. Like items may be consolidated into one location, and containers should be faced so that printed identification is visible. You should be aware that the time spent before inventory to arrange and identify stores will mean that much less time required for the actual inventory. Speed does not necessarily contribute to accuracy, but you are more likely to have a good inventory when it progresses rapidly and smoothly.

Office SH

If you are assigned as the ship's store office records keeper, one of your most important responsibilities is to ensure that all receipt and expenditure vouchers are posted to applicable stock and financial control records. You must also prepare the forms used in the inventory.

Inventory Teams

Usually inventories of ship's store spaces must be taken by the accountable officer or designated officer assistant. However, when there are expanded facilities that make it impractical for the accountable officer or designated assistant to take the inventory, a modified procedure may be used if authorized in writing by the commanding officer. When the modified procedure is authorized, teams composed of two persons, consisting of a commissioned officer and an enlisted person, must take the inventory. One person will count the items and the other will record the quantities. When this procedure is authorized, neither the responsible custodian whose space is being inventoried nor the office records Ship's Serviceman is authorized to be included in the inventory team. However, the custodian must always be present to verify the count and the recording of the quantities, and the accountable officer must issue written instructions for conducting the inventory.

INVENTORY PROCEDURE

Each SH who is directly responsible for the ship's store stock in his respective space must be present when the inventory of his space is taken. Also, during the inventory procedure, the following should be observed:

- Ship's store stock should not be moved from one activity to another prior to the completion of the inventory.
- Breakouts, sales, or issues of ship's store stock should be made only in an emergency. When such transactions occur, the inventory must be adjusted accordingly.
- All ship's store stock carried must be inventoried except "cost of operation" stock on hand in activities other than the bulk storeroom.
- All corrections or changes must be recorded in ink or indelible pencil on the inventory forms. Such corrections or changes must be made identically on the original and on each copy.
- Errors must not be erased but must be ruled out and initialed opposite each change or correction by the person who conducted the inventory and the responsible custodian whose name appears on the inventory form attesting to the correctness of the inventory of the storeroom space involved.
- When the physical inventory is not in progress, the accountable officer must secure the spaces by replacing the locks and attaching numbered lead or car seals in the presence of the custodian and maintain a log of the numbered lead or car seals used.

Forms Used

Inventories of ship's store stock are recorded on Ship's Store Inventory (NAVSUP Form 238), except that if electric accounting machine facilities are available the use of an electric accounting machine format in lieu of NAVSUP 238 is authorized. Clothing items are inventoried on a separate locally prepared form except when the retail store and bulk storeroom are operated by the same person; then clothing items may be recorded on the NAVSUP Form 238.

Two Count Method

Conducting the actual count may vary depending upon the accountable officer. To reduce errors to a minimum, a two count method is recommended. A two count method is the procedure

whereby the responsible custodian makes the first count. He records his inventory figures on a slip of paper and places it on the item counted. When the accountable officer makes his count, he compares it with the figure from the first count. If both agree, it is assumed that the count is correct. If they do not agree, another count is made and the discrepancy corrected.

Keeping in mind that one of the primary reasons for inventories is to bring stock and stock records into agreement, the importance of an accurate count can be realized. An inventory error made in one accounting period will be carried over into the following accounting period, and only accuracy can eliminate this "double trouble."

Certification and Distribution

Certification.—Upon completion of the count, the responsible custodian and the person who conducted the inventory must initial each page of the inventory form in the upper right hand corner, and certify the correctness of the inventory by signing the certification which is placed on the last page of the original and all copies of the inventory form. If there is insufficient room on the face of the form, the certification as to the correctness of the inventory count may be placed on the reverse side.

Distribution.—Enough copies of the inventory form should be prepared initially to provide for the following distribution after certification.

- Original to the accountable officer for his official records
- Copy for the person who conducts the inventory, if other than the accountable officer
- Copy for each responsible custodian for his personal records
- Copy (working) for the records SH.
- Copy for use as a price list (optional)

In addition to the above distribution, one certified copy of the inventory form must be furnished to the officer or custodian being relieved when the occasion for the inventory is his relief.

Figures 6-1 and 6-2 illustrate an inventory for ship's store and clothing items respectively. As you study these figures keep the following in mind:

- The forms illustrated represent an inventory taken under the separate accountability procedure.
- The "quantity figures on the forms represent the actual quantity counted during the counting process."
- The certification on the forms by the custodian and the accountable officer is shown as required.

ESTABLISHING ACCOUNTABILITY

The next steps in the inventory process are the extension of the inventory and the verification of the inventory quantity against the stock and financial control records. These steps are necessary in order to establish accountability, and to bring the stock on hand into agreement with the stock control records.

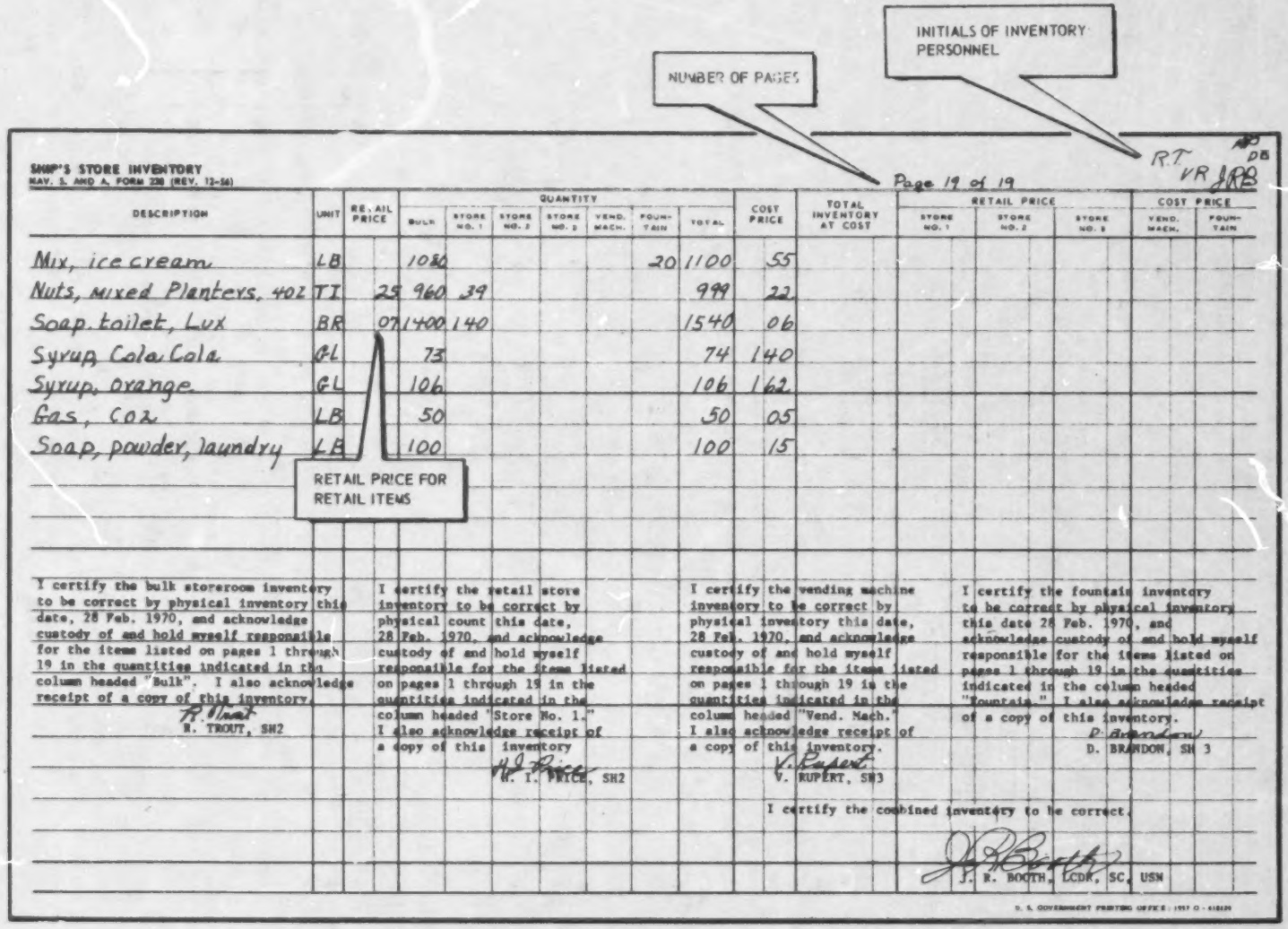
Extending The Inventory

The purpose of extending the inventory is to determine the money value of stock for each applicable location, and is the first step in establishing accountability for the custodian.

Using the working copy of the inventory, the records SH multiples the quantity for each location by the applicable price and posts the value obtained to the applicable columns. These steps are illustrated by figures 6-3 and 6-4. To ensure accuracy during the extension of the inventory, the original copy of the inventory is extended and verified against the working copy by the accountable officer or by a qualified person designated by him. Neither the responsible custodian whose space is being inventoried or the records SH may be designated to perform this function. Errors discovered during the extension are corrected and initialed by the records SH and the person extending the original copy of the inventory.

After extending the inventory, the next step is to establish accountability for the applicable custodian. Usually after or during the inventory all applicable stock and financial control records are closed and balanced. However, for your convenience in studying, the processes of closing and balancing will be discussed in a later chapter.

In establishing financial accountability the value of stock in any activity must (within certain limits) agree with the balances shown on



SHIP'S STORE INVENTORY
NAV. S. AND A. FORM 238 (REV. 12-56)

Page 19 of 19

RT VR DB JRB

DESCRIPTION	UNIT	RETAIL PRICE	QUANTITY: BULK	STORE NO. 1	STORE NO. 2	STORE NO. 3	VEND. MACH.	FOUNTAIN	TOTAL	COST PRICE	TOTAL INVENTORY AT COST	RETAIL PRICE: STORE NO. 1	STORE NO. 2	STORE NO. 3	COST PRICE: VEND. MACH.	FOUNTAIN
Mix, ice cream	LB		1080					20	1100	55						
Nuts, mixed Planters, 402	TI	25	960	39					999	22						
Soap, toilet, Lux	BR	07	1400	140					1540	06						
Syrup, Cola-Cola	GL		73						74	140						
Syrup, orange	GL		106						106	162						
Gas, CO2	LB		50						50	05						
Soap, powder, laundry	LB		100						100	15						

I certify the bulk storeroom inventory to be correct by physical inventory this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Bulk". I also acknowledge receipt of a copy of this inventory.

R. Trout
R. TROUT, SH2

I certify the retail store inventory to be correct by physical count this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Store No. 1." I also acknowledge receipt of a copy of this inventory

H. I. Price
H. I. PRICE, SH2

I certify the vending machine inventory to be correct by physical investory this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Vend. Mach." I also acknowledge receipt of a copy of this inventory.

V. Rupert
V. RUPERT, SH3

I certify the fountain inventory to be correct by physical inventory this date 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Fountain." I also acknowledge receipt of a copy of this inventory.

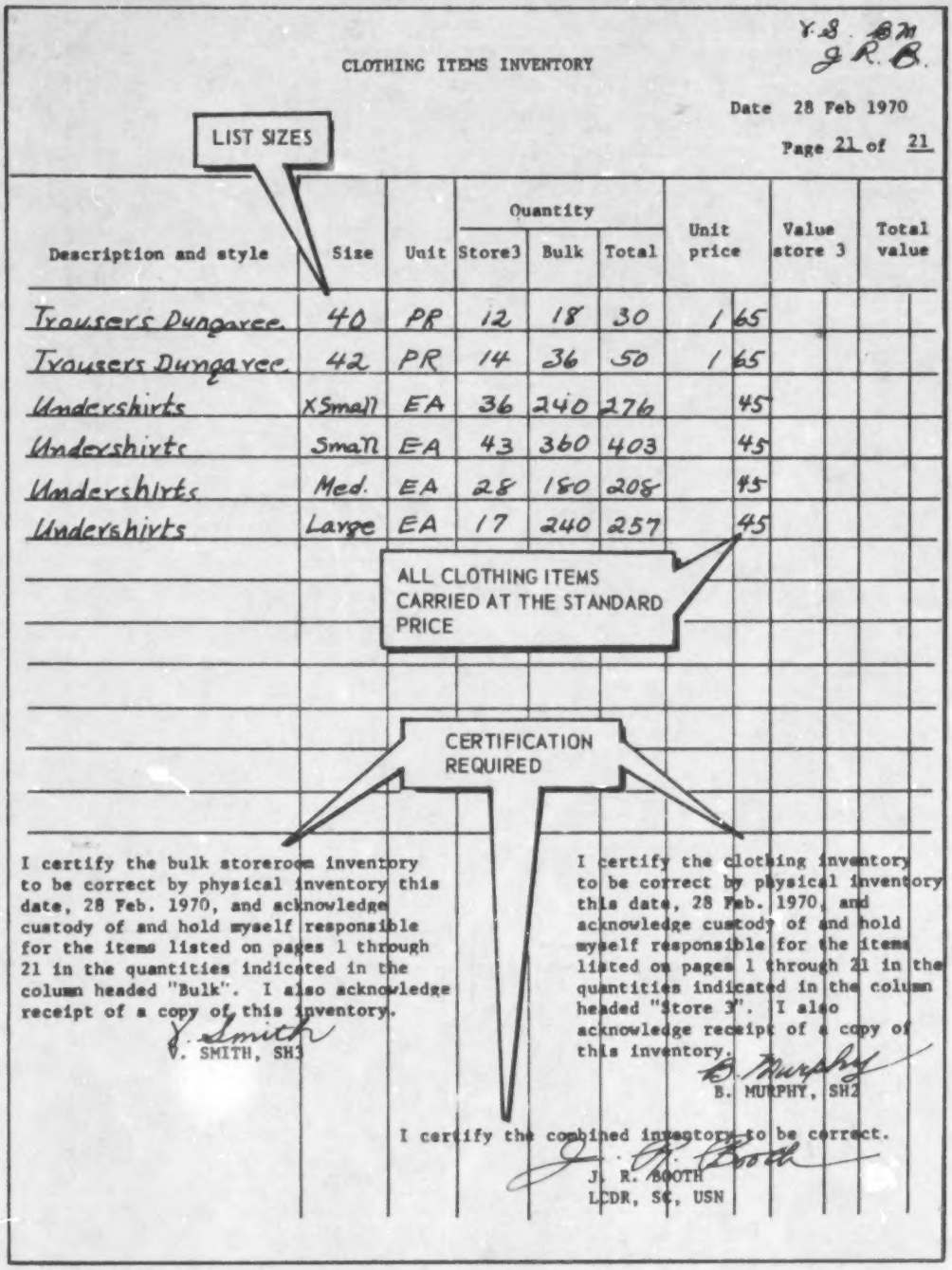
P. Brandon
D. BRANDON, SH 3

I certify the combined inventory to be correct.

J. R. Booth
J. R. BOOTH, LCDR, SC, USN

U. S. GOVERNMENT PRINTING OFFICE : 1957 O - 418129

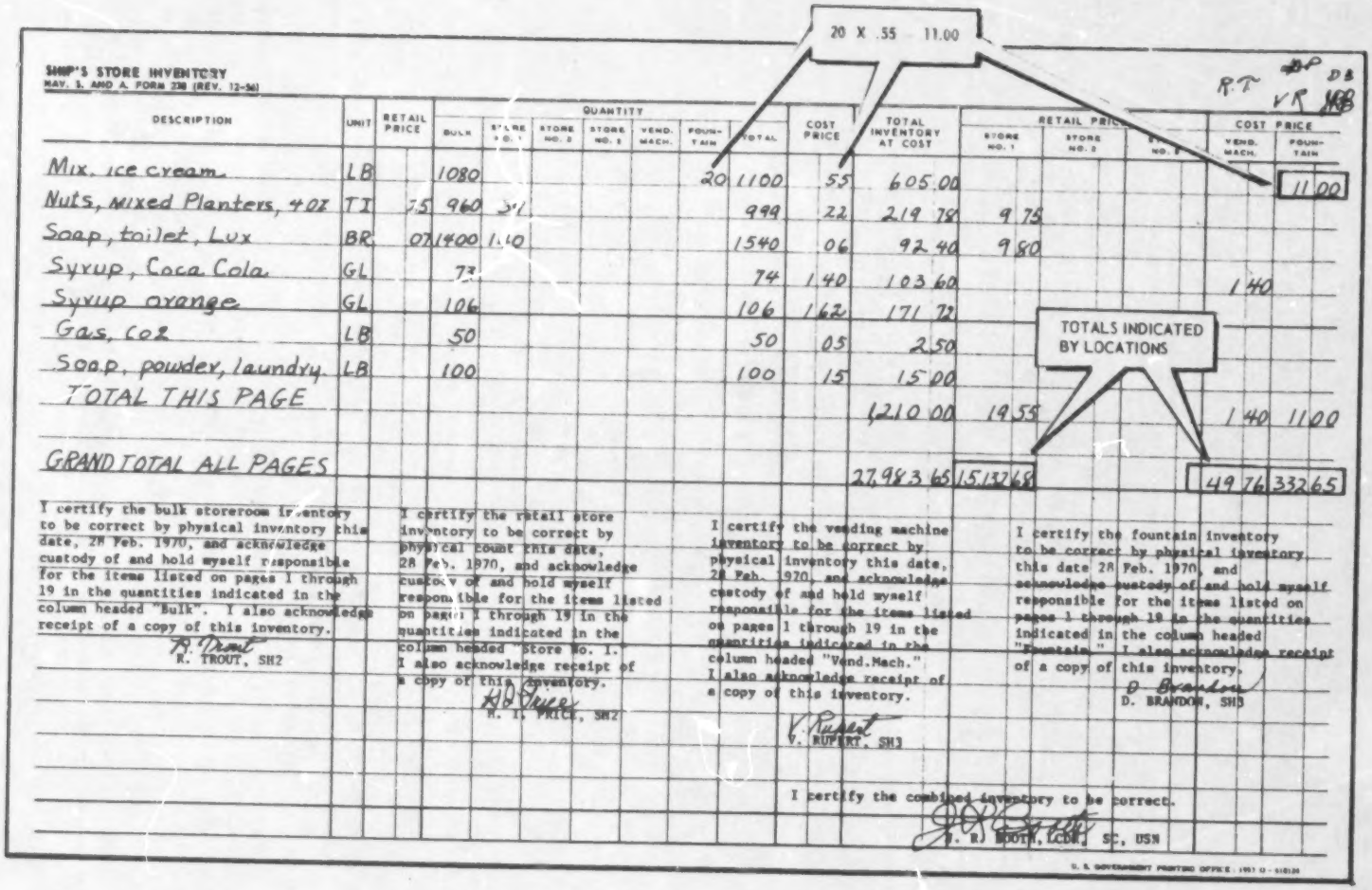
Figure 6-1.—Ship's Store Inventory, NAVSUP Form 238.


CLOTHING ITEMS INVENTORY
Y.S. B.M. J.R.B.
Date 28 Feb 1970
Page 21 of 21
LIST SIZES
ALL CLOTHING ITEMS CARRIED AT THE STANDARD PRICE
CERTIFICATION REQUIRED
I certify the bulk storeroom inventory to be correct by physical inventory this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 21 in the quantities indicated in the column headed "Bulk". I also acknowledge receipt of a copy of this inventory.
Y. Smith
V. SMITH, SH3
I certify the clothing inventory to be correct by physical inventory this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 21 in the quantities indicated in the column headed "Store 3". I also acknowledge receipt of a copy of this inventory.
B. Murphy
B. MURPHY, SH2
I certify the combined inventory to be correct.
J. R. Booth
J. R. BOOTH
LCDR, SC, USN

Description and style	Size	Unit	Quantity Store3	Quantity Bulk	Quantity Total	Unit price	Value store 3	Total value
Trousers Dungaree	40	PR	12	18	30	1 65		
Trousers Dungaree	42	PR	14	36	50	1 65		
Undershirts	XSmall	EA	36	240	276	45		
Undershirts	Small	EA	43	360	403	45		
Undershirts	Med.	EA	28	180	208	45		
Undershirts	Large	EA	17	240	257	45		

43.38

Figure 6-2.—Clothing Items Inventory.



SHIP'S STORE INVENTORY
NAV. S. AND A. FORM 238 (REV. 12-56)

DESCRIPTION	UNIT	RETAIL PRICE	QUANTITY: BULK	STORE NO. 1	STORE NO. 2	STORE NO. 3	VEND. MACH.	FOUNTAIN	TOTAL	COST PRICE	TOTAL INVENTORY AT COST	RETAIL PRICE: STORE NO. 1	STORE NO. 2	STORE NO. 3	COST PRICE: VEND. MACH.	FOUNTAIN
Mix, ice cream	LB		1080					20	1100	55	605.00					11.00
Nuts, mixed Planters, 4oz	TI	75	960	39					999	22	219 78	9 75				
Soap, toilet, Lux	BR	07	1400	140					1540	06	92 40	9 80				
Syrup, Coca Cola	GL		72						74	1 40	103 60				1 40	
Syrup orange	GL		106						106	1 62	171 72					
Gas, Co2	LB		50						50	05	2 50					
Soap, powder, laundry	LB		100						100	15	15 00					
TOTAL THIS PAGE											1210 00	19 55			1 40	11 00
GRAND TOTAL ALL PAGES											27,983 65	1,513 73			49 76	332 65

I certify the bulk storeroom inventory to be correct by physical inventory this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Bulk". I also acknowledge receipt of a copy of this inventory.

R. TROUT, SH2

I certify the retail store inventory to be correct by physical count this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Store No. 1. I also acknowledge receipt of a copy of this inventory.

H. D. PRICE, SH2

I certify the vending machine inventory to be correct by physical inventory this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Vend.Mach." I also acknowledge receipt of a copy of this inventory.

V. RUPERT, SH3

I certify the fountain inventory to be correct by physical inventory this date 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Fountain." I also acknowledge receipt of a copy of this inventory.

D. BRANDON, SH3

I certify the combined inventory to be correct.

R. B. BOOTH, LCDR, SC, USN

U. S. GOVERNMENT PRINTING OFFICE : 1957 O - 618126

Figure 6-3.—Extended Copy, Ship's Store Inventory.

66.43.0

CLOTHING ITEMS INVENTORY

Date 28 Feb 1970

Page 21 of 21

Description and Style	Size	Unit	Quantity Store 3	Quantity Bulk	Quantity Total	Unit price	Value store 3	Total value
Trousers, Dungaree	40	PR	12	18	30	1 65	19 80	49 50
Trousers, Dungaree	40	PR	14	36	50	1 65	23 10	82 50
Undershirts	X Small	EA	36	240	276	45	16 20	124 20
Undershirts	Small	EA	43	360	403	45	19 35	181 35
Undershirts	Med.	EA	28	180	208	45	12 60	93 60
Undershirts	Large	EA	17	240	257	45	7 65	115 65
Total this page							98 70	646 80
Grand total this page							2957 95	9179 68

POSTED TO NAVSUP FORM 235 AS INVENTORY CARRIED FORWARD - CLOTHING

POSTED TO NAVSUP FORM 977 AS INVENTORY CARRIED FORWARD

I certify the bulk storeroom inventory to be correct by physical inventory this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 21 in the quantities indicated in the column headed "Bulk". I also acknowledge receipt of a copy of this inventory.

V. SMITH, SH3

I certify the clothing inventory to be correct by physical inventory this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 21 in the quantities indicated in the column headed "Store 3". I also acknowledge receipt of a copy of this inventory.

B. MURPHY, SH2

I certify the combined inventory to be correct.

J. R. BOOTH
LCDR, SC, USN

Figure 6-4.—Extended Copy, Clothing Inventory. 43.25

financial control records. That is, the operator begins the accounting period with a certain value of stock, during the period he receives, and expends certain amounts. Since all of these transactions are recorded on financial control records, the ending value of stock on hand should agree with the balances shown on the financial control records. When they agree, or are within allowable limits, accountability is established, and the applicable store may be opened for business. If they are not within allowable limits, the store remains closed, and the accountable officer conducts an investigation

Verification of Quantity

The matching of the physical count against the stock record cards is necessary to bring the stock into agreement with the stock record cards, and to establish accountability for the custodian (bulk storeroom SH). This verification is accomplished by the accountable officer and the records SH or, if he so designates, by a qualified person and the records SH.

In establishing physical accountability the quantity counted in the storeroom must agree

with the quantity shown on the stock record card. The same reasoning is used in this respect as it was in establishing financial accountability. That is: the bulk custodian began the accounting period with a certain amount of stock on hand; during the period he receives and expended certain amounts; and assuming that all of these transactions were documented and posted (and they should be) to the applicable stock record cards, the quantity on the ending inventory should agree with the balance shown on each stock record card. If they agree, the numbered lead or car seals is removed, and the storeroom is opened. If they do not agree, the storeroom remains closed, and the accountable officer conducts an investigation.

Reconciling Differences

The procedures to be followed in reconciling differences encountered during the inventory process depend on the area where the errors occur. These are discussed below.

Differences in Quantity.—When there are differences in quantities between the inventory and the stock record cards, the items must be investigated. Usually this means that the records SH must check all receipts and expenditures on the stock record cards, and the personnel conducting the inventory must recount the items in the storeroom. If errors are found in the inventory, the inventory sheets must be collected, corrections made, initialed by all persons participating in the inventory, and then returned to the same persons. Errors found in receipts, expenditures documents, and stock control records must be corrected by the records SH, and may be initialed by the accountable officer.

Errors in Financial Accountability.—All gains and losses must be examined by the accountable officer. Gain and losses in excess of 1% or $200 of sales per retail outlet, whichever is the lesser amount, or differences of a suspicious or recurring nature are not considered normal for ship's stores and are considered excessive. The accountable officer must take action to determine the cause of the difference. Usually the accountable officer takes all of the actions previously described plus any others he considered necessary.

PRICE LINE INVENTORY

During the preceding discussion on conducting an inventory, emphasis was placed on the inventory conducted at the end of an accounting period or a total inventory. NAVSUP P-487 outlines and authorizes an optional price line inventory system. Generally, this system may be used when the retail outlet is operated by more than one individual and for service activities that require a monthly inventory. This system is used by the accountable officer to establish the correct money value of stock on hand. Inventories may be recorded in ink or indelible pencil on a locally prepared form. The use of a price line inventory is not authorized at the following times:

- At the end of the accounting period.
- Upon relief of the accountable officer.
- Upon relief of the retail outlet custodian.
- When a ship is transferred from "In Commission" to "In service".
- Upon receipt of a change in standard prices for clothing items only.

Procedures

Retail prices must be used for retail items, and cost prices must be used for cost items. A two count system may be utilized as a standard procedure to inventory the retail outlet. The first count must be taken by the accountable officer, his designated officer assistant, or by a team appointed by him. This will be the original inventory. The second count of a section must be made by a team other than the team which conducted the first count, and separate inventory sheets must be used by each count team.

Counting and Recording

The retail outlet should be broken down into sections for inventory purposes; e.g., the showcase could be section I, and shelves on the forward bulkhead section II. A separate inventory form must be used for each section. Sections must be clearly defined, must not cover too large an area, and should normally include not more than 60 to 100 line items per section. The size of a section and the number of line items per section should be limited so that the two inventory counts of a section can be compared quickly by

the accountable officer or designated officer assistant and quickly rechecked if discrepancies in count are apparent. First and second count sheets must be reconciled by the accountable officer or his designated officer assistant. After reconciling each section, the first and second count sheets must be extended and verified in accordance with existing inventory procedures.

Inventory Pattern

A specific inventory pattern must be established when taking price line inventories. First count and second count teams must follow identical inventory patterns, procedures, and routes to expedite rechecking when necessary. For example, in taking inventory of a retail outlet, if the first count team starts with the top shelf and covers each shelf from left to right and in order from top to bottom, the second count team should do the same. The inventory count must be recorded by writing the quantity and the appropriate price on the inventory sheet. When two or more consecutive line items in the inventory count pattern have identical prices, the items must be counted separately, and two quantity and price entries must be made on the inventory sheet. This practice must be followed to make the reconciling of the first and second counts easier.

Certification And Distribution

The inventory must be prepared in the numbers of copies to provide for the following distribution, after certification:

- Original to the accountable officer for his official records.
- A copy for the person who conducts the inventory, if other than the accountable officer.
- A copy for each responsible custodian for his personal records. Upon completion of the inventory, the responsible custodians and person who conducted the inventory must initial each page of the inventory in the upper right corner, and sign the appropriate certification in accordance with NAVSUP P-487.

STOCK CONTROL

Without stock control records, it would be impossible for the ship's store officer to meet his responsibilities for maintaining an adequate stock and accountability of materials necessary for the operation of the ship's store. Procurement of stock, preparation of financial returns, and establishing accountability are all based on the information contained in the stock control records.

If you are assigned the responsibility of records SH, the ship's store officer will expect you to post them (enter transactions) properly, initiate procurement of replenishment stock, interpret usage data and adjust high and low limits, and keep him advised of unusual transactions and stock status. As you can see, this job requires much more than the physical posting of transactions to stock control records. You must develop a "feel" for stock control since the adequacy of the ship's store to support the ship's needs depends to a large degree on how well you understand and perform the stock control job.

Stock control records can best be described as being the written records of inventory control, and there are many records used to maintain this control. However, for the present, we will describe only those records to which the just completed inventory is posted. Others will be discussed and described in later chapters.

STOCK RECORD CARDS

The Stock Record (NAVSUP Form 464) is the primary record for the physical inventory control of stock, and it is used to record stock number, brief description, unit of issue, cost and selling price, low limit, location, account carried in, and to provide a record of issues and receipts.

Posting

A card must be maintained alphabetically, by category in the office for every item in stock. A NAVSUP 464 is illustrated in figure 6-5 and shows a beginning inventory on 1 March of 960 in the bulk storeroom. To this quantity is added the inventory quantity in the retail store (960+39=999) to arrive at the total balance. As merchandise is transferred from the bulk storeroom to the retail store, only the storeroom balance is adjusted. Entries are made in the Total Balance column only for the following transactions:

- Beginning and ending inventory
- When additional stock is received
- When stock is transferred to another supply officer

960 IN THE BULK STOREROOM, AND 39 IN THE RETAIL STORE PER INVENTORY = 999

DATE 1970 MO.	DA.	VOUCHER NO.	REC. FROM EXPEND. TO	RECEIVED	EXPENDED	BALANCE IN BULKROOM OR WAREHOUSE	TOTAL BALANCE	DATE MO.	DA.	VOUCHER NO.	REC. FROM EXPEND. TO	RECEIVED	EXPENDED	BALANCE IN BULKROOM OR WAREHOUSE	TOTAL BALANCE
3	1	INV.	B.F.			960	999								

ACCOUNT	UNIT OF ISSUE	DEPARTMENT	LOW LIMIT	COST PRICE	SELLING PRICE
51000	TI	RETAIL	675	.22	.25

ARTICLE: NUTS, Mixed, Salted, Planters, 4 OZ

STOCK NO. | ORDERED | CARD NO.

STOCK RECORD (SHIP'S STORES AND COMMISSARY STORES)—NAV. S. AND A. FORM 464 (6-53) IA 0108-501-1100 SPO 16—99134-1

43.25

Figure 6-5.—Stock Record, NAVSUP Form 464.

As additional stock is received, it is added to the storeroom balance AND to the total balance. When stock is transferred to another supply officer, the quantity is subtracted from the storeroom balance AND the total balance.

The quantities shown in the total balance column are used to compute the quantity sold when the card is closed out at the end of the accounting period. This is covered in a later chapter.

Stock Review and Disposition

To maintain current in stock position for all items in recurring demands and at the same time keep inventories within prescribed limitations, a monthly review must be made of all stock and stock records to ensure that quantities are realistic. Good inventory control demands that sufficient stocks be maintained to meet requirements and, at the same time, it prevents overstocking, which results in stale, shop-worn merchandise. For most items, a maximum stock position should be considered as three months' stock. Deployed load items (items of low weight, cube, and monetary value, not available from mobile support unit outside the U.S.), must be stocked to last for the duration of the period of deployment. Disposition of stock must be taken

when the review of stock and stock records indicates that perishable and catalog items exceed three months' requirements and that all other items exceed six months' requirements. In determining excess stock you should consider the normal deterioration rate of the item as well as the anticipated type of operation of the ship. Because of the semiperishable nature of most items of stock, the action prescribed in the following section should be initiated in time to provide for sale of the item prior to deterioration.

Disposition of Excess Stock.—The disposition of all excess stock rests with the accountable officer. Except for clothing items, stock which is fit for reissue but which is in excess of operating requirements may be disposed of by any of the following methods:

- Reduction in price for sale on board (markdown).
- Transfers to other supply officers, at a mutually agreed upon price.
- Sales to Navy exchanges and other military activities, at a mutually agreed upon price. Excess clothing stock in new unused condition may be transferred on a DD Form 1149 to any ashore activity carrying such stock.

Redistribution of Stock.—When excess stock cannot be disposed of in accordance with the procedures described above, and the excess stock is over one year old, the items must be reported to the type commander, requesting assistance to effect redistribution. The report must contain the following information:

- Exact nomenclature of the items
- Current unit cost price
- Recommended markdown price
- Quantity in excess
- Conditions of the items

If redistribution of the items cannot be effected by the type commander, a similar report of the remaining items must be submitted to NRSO for disposition instructions.

Deteriorated Stock.—Stock which has deteriorated because of age or which for other reasons is not considered to be of the best quality, must not be reported but may be disposed of on board by taking deep markdowns to effect rapid sale. Items which are damaged or deteriorated and which are not salable must be disposed of by survey.

FINANCIAL CONTROL RECORD

The Ship's Store Afloat Financial Control Record, NAVSUP 235, is used to maintain the accountability of all retail outlets and accumulate the cost of operations for service activities.

Posting

A NAVSUP 235 is illustrated in figure 6-6 and shows the RETAIL value of the beginning inventory for each applicable retail activity. The following transactions are posted to the 235 as they occur:

- All receipts into the retail activity.
- All expenditures from the retail activity.

In addition to the above entries, at the end of the accounting period or when the 235 is closed out, the retail value of the closing inventory and cost of sales is also posted.

The procedures to be followed in posting the above transactions as well as the procedure for closing out the 235 are covered in later chapters.

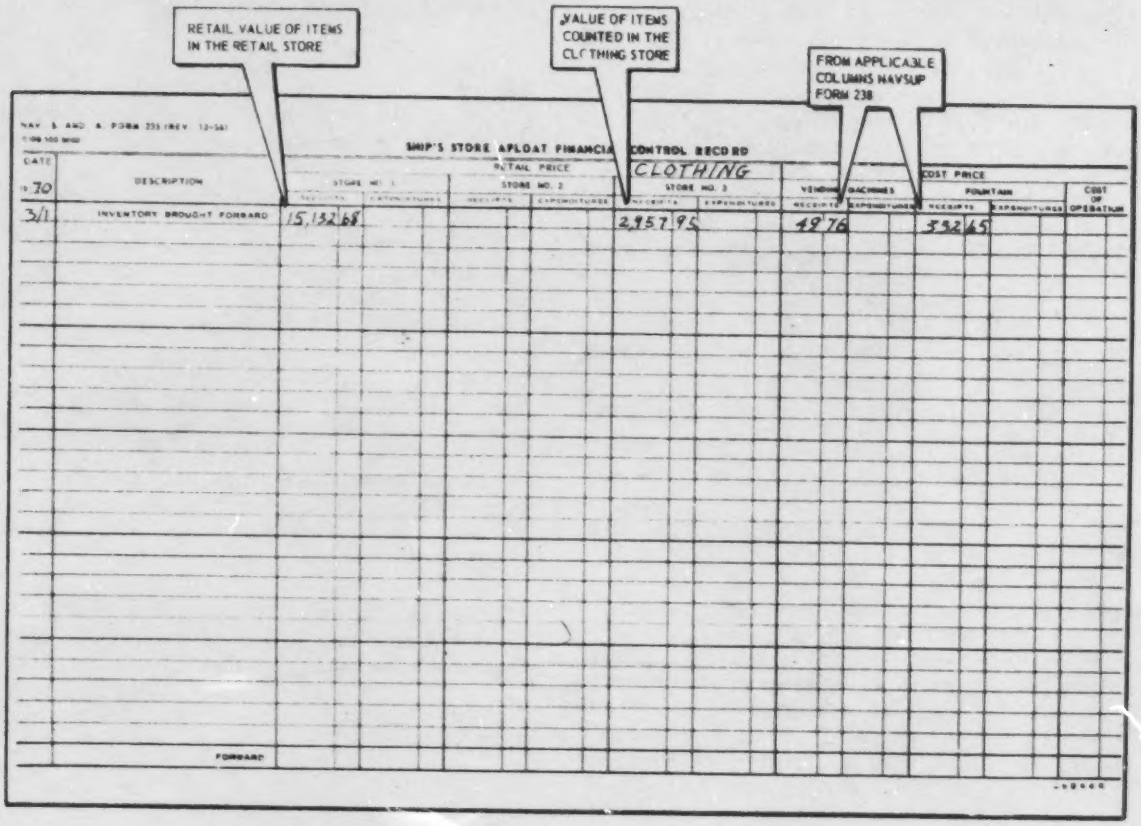
JOURNAL OF RECEIPTS

The Journal of Receipts (NAVSUP Form 977) provides a record for the accumulation of receipts at cost price, and is used primarily for this purpose, and as a source document to prepare ship's store returns.

The total cost value of the ship's store and clothing inventory brought forward is the first entry, and is listed in the columns under "other sources". Figure 6-7 illustrates posting to the 977. Details of how and when other entries are made on this record are discussed as they occur in later chapters.

COMBINED ACCOUNTABILITY

The procedures outlined in the preceding section for posting the inventory and the maintenance of stock control records is applicable to ship's stores operating under separate accountability. That is, each custodian is responsible and accountable for the stores in one storeroom or retail activity, and this accountability can be ascertained for each by verifying the quantity of the inventory against the NAVSUP 464 for items



43.21

Figure 6-6.—Financial Control Record, NAVSUP Form 235.

in the bulk storeroom, and by comparing the retail value of items in retail outlets against the NAVSUP 235. In stores operating under combined accountability the procedure is somewhat different. Essentially the difference involves the fact that the custodian is allowed to move RETAIL ITEMS in and out of two or more locations without the transaction being documented or posted to the stock control records. These differences, and the procedures for posting applicable records are discussed below.

STOCK RECORD CARDS

When the retail outlet and bulk storeroom are operated by the same person, no entry is made in the "balance in bulk or warehouse" column of the NAVSUP 464. All receipts and expenditures are posted to the appropriate column, and the balance reflected in the total balance column.

Verification of Quantity

Under the combined accountability procedure, the verification of the inventory quantity against the 464 is made only for cost of operation items. This is because during the accounting period, all cost of operation material issued from the bulk storeroom must be documented on an issue document. These issue documents are then posted to a 464, thereby reducing the total balance.

FINANCIAL CONTROL RECORD

Under combined accountability, the retail unit price must be entered and extended on receipt documents for all retail items and the total money value must be posted to the 235 in the column (store no. 1" under "receipts"). Cost items, except vending machine items, must be extended at the cost price, and the total money value before discount must be entered in a column of the 235 under an added caption, "other cost material." Vending machine receipts are entered in the "vending machines" column of the 235. To establish accountability, the value of all retail stock is compared to the 235, and cost of operation items is verified against the 464.

SHIPS WITHOUT SUPPLY CORPS OFFICERS ASSIGNED

The ship's store on ships without Supply Corps officers assigned operates with much simpler procedures. The contents of this section will closely parallel the arrangement of the preceding material. Explanation of procedures will be limited to those that are significantly different.

INVENTORY

At the end of each month, a complete inventory is taken of ship's store stock and recorded on the Ship's Store Inventory, NAVSUP 238, as shown in figure 6-8. A two-count system is used whereby the accountable officer and ship's

JOURNAL OF RECEIPTS

PERIOD 30 JUNE 1970

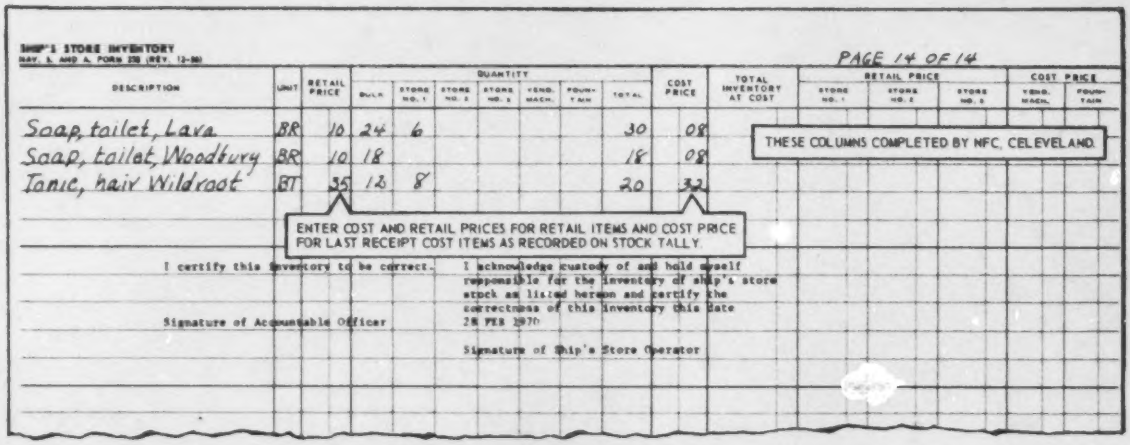
DATE RECEIVED	RECEIVING NO.	ORDER OR REQ'N NO.	RECEIVED FROM	INVOICE OR INSPECTION REPORT NO.	SHIP'S STORE			CLOTHING			DATE FORWARDED FOR PAYMENT
					FROM OTHER S.O.'S	PURCHASES	OTHER SOURCES	FROM OTHER S.O.'S	PURCHASES	OTHER SOURCES	
3-1-70	INV	BF					27983 65			9179 66	
				TOTALS							

TOTAL COST VALUE OF ALL ITEMS, LESS CLOTHING

TOTAL VALUE OF CLOTHING ITEMS

43.19

Figure 6-7.—Journal of Receipts, NAVSUP Form 977.



SHIP'S STORE INVENTORY
NAV. S. AND A. FORM 238 (REV. 12-80)

PAGE 14 OF 14

DESCRIPTION	UNIT	RETAIL PRICE	QUANTITY BULK	STORE NO. 1	STORE NO. 2	STORE NO. 3	VEND. MACH.	FOUNTAIN	TOTAL	COST PRICE	TOTAL INVENTORY AT COST	RETAIL PRICE STORE NO. 1	RETAIL PRICE STORE NO. 2	RETAIL PRICE STORE NO. 3	COST PRICE VEND. MACH.	COST PRICE FOUNTAIN
Soap, toilet, Lava	BR	10	24	6					30	08						
Soap, toilet, Woodbury	BR	10	18						18	08						
Tonic, hair Wildroot	BT	35	12	8					20	32						

THESE COLUMNS COMPLETED BY NFC, CELEVELAND.

ENTER COST AND RETAIL PRICES FOR RETAIL ITEMS AND COST PRICE FOR LAST RECEIPT COST ITEMS AS RECORDED ON STOCK TALLY

I certify this inventory to be correct.

Signature of Accountable Officer

I acknowledge custody of and hold myself responsible for the inventory of ship's store stock as listed hereon and certify the correctness of this inventory this date 28 FEB 1970

Signature of Ship's Store Operator

66.43.0

Figure 6-8.—Ship's Store Inventory, NAVSUP 238.

store operator each count and record the inventory. When complete, the inventories are compared and any discrepancies corrected by a recount conducted jointly. There should be no transfers of material during the inventory period. As soon as the inventory is certified correct by both the accountable officer and the ship's store operator, normal store routine may be resumed.

The signed copy is retained by the ship's store operator. The original, which is prepared by the accountable officer, is filed in the inventory file except for the inventories taken at the end of October, February, and June. The originals of these inventories are submitted to NFC, Cleveland.

The working copy of the inventory is used to post the Stock Tally cards and prepare the Financial Control Record. All resale items must be extended at retail price and totaled.

STOCK TALLY CARDS

The Stock Tally Card, NAVSUP 209 is used to record receipts, transfers, sales, and inventories. The Stock Tally is shown in figure 6-9 with representative entries.

The Stock Tally is kept in the office and must be maintained on every item of stock. However, a Stock Tally is not required for special order items.

FINANCIAL CONTROL RECORD

The Financial Control Record, NAVSUP 1099, is a recap of the ship's store operations for the month.

The Financial Control Record is prepared at the following times:

- At the end of each month
- Upon relief of the accountable officer
- Upon relief of the ship's store operator
- When directed by NFC, Cleveland or the TYCOM

The Financial Control Record is shown in figure 6-10 with an explanation of the source of amounts recorded.

(Stock Number) PG (Unit)

DESCRIPTION: Cigarettes, Camels — Sell .10 Cost .09

LOCATION: A-203

REMARKS: Tax Free, 20's — HIGH LIMIT 2000 — LOW LIMIT 500

DATE	REC'D	ISSUED	BALANCE	DATE	REC'D	ISSUED	BALANCE
1/4	INV BF		500				
1/6	1000		1500				
1/10		250	1250				
1/20	500		1750				
1/31	Sales	1100	650				
1/31	INVCE		650				
2/1	INV BF		650				

Sales computed by subtracting end of month inventory from last balance on Stock Tally.

STOCK TALLY—NAV. S. AND A. FORM 209 (REV. 6-55)

24.22

Figure 6-9.—Stock Tally, NAVSUP 209.

FINANCIAL CONTROL RECORD
(BRANCH SHIP'S STORE)
NAV. S. AND A. FORM 1099 (6-58)

PERIOD ENDING: 31 JAN. 197-

NOTE: All entries to be at retail prices.

1	Opening inventory	1,476.24	TAKEN FROM THE FINANCIAL CONTROL RECORD FOR THE PREVIOUS MONTH.
2	Total receipts	611.04	THE TOTAL OF ALL RESALE MERCHANDISE RECEIVED DURING THE MONTH, EXTENDED AT RETAIL PRICE
3	TOTAL	2,087.28	THE TOTAL OF LINES 1 AND 2.
4	Total expenditures	16.45	TRANSFERS AND SURVEYS EXTENDED AT RETAIL PRICE AND MARKDOWNS (NET AMOUNT OF RETAIL CHANGE).
5	Closing inventory	1,558.43	TOTAL RETAIL VALUE OF ALL RESALE MERCHANDISE IN THE SHIP'S STORE. (DOES NOT INCLUDE COST ITEMS).
6	TOTAL	1,574.88	THE TOTAL OF LINES 4 AND 5.
7	Sales by inventory, excluding vending machine sales (Line 3—line 6)	512.40	OPENING INVENTORY PLUS RECEIPTS LESS EXPENDITURES AND CLOSING INVENTORY REPRESENTS THE RETAIL VALUE OF MERCHANDISE SOLD.
	Sales per Cash Book (Exclude vending machine sales)	510.64	TOTAL AMOUNT OF CASH COLLECTED AND ENTERED IN THE CASH BOOK BY THE ACCOUNTABLE OFFICER. (DOES NOT INCLUDE CASH COLLECTED FROM VENDING MACHINE).
	Sales by inventory	512.40	AMOUNT BROUGHT DOWN FROM LINE 7.
	Difference (Over/under)	1.76	THE DIFFERENCE BETWEEN SALES PER CASH BOOK AND SALES BY INVENTORY.
	Percent of difference	.343%	THE AMOUNT OF DIFFERENCE DIVIDED BY SALES PER CASH BOOK.

SIGNATURE (Ship's Store Officer): V R Cline ENS USN
DATE: 2/2/7-
REMARKS:

66.46

Figure 6-10.—Financial Control Record, NAVSUP 1099.

CHAPTER 7

RECEIPT, CUSTODY, AND STOWAGE

For every procurement action taken by the ship (except for cancellation) there is a following receipt action. When a requisition or purchase order is prepared, only the first of several supply actions has been taken. The material must be received, identified, checked, and properly distributed to the storerooms or service activity.

You might think of a Ship's Serviceman's work as being a circle formed by a chain with each line representing a specific job. Each link is dependent on all the others just as there is a relationship between all Ship's Serviceman jobs. If the procurement documents were properly prepared and distributed, the receiving procedure will be relatively simple. If receipts are accomplished properly, the following steps are easier.

This chapter discusses the general procedures that must be followed in receiving stores, stowing the material, and processing the receipt documents. It also includes information on material handling equipment, and the general safety precautions that must be followed. The actual steps to accomplish this vary greatly from ship to ship depending upon size and volume of stores, but, whether one SH does many jobs or individuals are assigned to specific jobs, the end result must meet the requirements set forth in NAVSUP Manual.

MATERIAL RECEIPT

The supply officer is responsible for the receipt, checking, identification, inspection, and disposition of incoming stores (except medical, Marine Corps stores, and ammunition) and for processing receipt papers.

When practical, the supply officer usually designates a receiving Storekeeper who is responsible to the supply officer for handling all incoming stores except for ship's store and clothing stock and subsistence. The responsibility for handling these receipts is vested in other supply department personnel. The ship's store officer is usually assigned the responsibility for receiving ship's store and clothing stock, and he usually designates the bulk storeroom SH as the receiving SH. The receiving Ship's Serviceman is normally responsible for stores from the time they are delivered to the ship until they have been placed in the storerooms or the service activity.

METHODS OF RECEIVING

Stores may be received by direct delivery, freight, or parcel post. Direct delivery is delivery of the supplies to the ship by the supplying activity or vendor. Delivery by freight is shipment by Navy or commercial freight and recorded on a Navy or commercial bill of lading. Parcel post delivery is made through regular Government postal facilities. In addition, stores may be received by underway replenishment (UNREP) or picked up by a ship's representative.

Files

Certain files are helpful in identifying receipts and determining disposition of the material. Most of the material you receive will have been ordered by your ship, and the codes on the receipt papers make identification and disposition easy.

Advance copies of shipment orders, purchase orders, and bills of lading or other shipping data are normally received in the office prior to receipt of the material. Advance copies of invoices for requisitioned material may be received when shipment has been made by commercial or Navy freight. These advance copies are used to establish certain files.

Outstanding Shipping Papers.—This file is maintained in the office and the papers are filed according to the port to which the material was shipped. The ship's store officer can use this file in planning for receipt of material at the next port of call.

Incoming Material File.—Copies of purchase orders and requisitions for material that has not

been received. This file may be used in planning for receipt of material and by the person designated to receive and inspect material. This file is cumulative; that is, as material is ordered, a copy is placed in the file, and as material is received, the corresponding copy is removed by the receiving SH.

Completed Requisitions.—A requisition is considered complete when all material has been received, when a cancellation status is received from the supplier, or when part of the material has been received and the balance canceled. The file copy is removed from the Outstanding File, a copy of the receipt paper is attached to it, and they are filed in the completed file. This file is usually maintained on a fiscal year basis.

Completed Purchase Orders.—Like the requisitions, when all action has been completed on a purchase order, the copies are removed from the Outstanding file and one copy, marked to show final action, is filed in the Completed file. This file is usually maintained on a fiscal year basis.

Receipts From Other Supply Officers.—This file is used to accumulate documents required for the preparation of the returns. All copies of receipt papers (not required for other purposes) representing material received from other supply officers (OSO) should be placed in this file. When the returns are prepared, copies of these documents are attached to the returns to support the amounts reported. Remaining copies may then be destroyed.

Receipts From Purchase.—This file accumulates documents representing receipts from purchase for the accounting period. These documents, like the Receipts from OSO, are used to support the returns. Remaining copies may be destroyed.

Accountability.—This file contains all signed inventories, receipt papers, breakout and transfer documents, and all other documents furnishing evidence of the responsibility of the Ship's Serviceman. It also contains a copy of each document needed to assemble the retained returns. This file is maintained under lock by the accountable officer or his designated assistant.

TYPES OF RECEIPTS

There are two types of receipts; receipts from purchase and receipts from other supply officers (OSO). Various forms are used to document the delivery of material. They are:

Receipts from purchase

- Copy of NAVSUP 48 from Incoming Material file
- Contractor's invoice or delivery ticket

Receipts from OSO

- Copy of DD 1348 or DD 1149 from Incoming Material file
- DD 1348-1 prepared by the supplying activity
- DD 1149
- Copy of DD 1348 returned by the transferring activity

RECEIVING PROCEDURES

As material is received, it must be checked against the receipt papers and the retained copy of the procurement document to ensure that the proper type and quantity have been delivered. The quantity indicated on the outside of unbroken containers may be accepted. However, if the container has been opened or shows evidence of possible difference in contents, it must be opened and the actual contents verified. The designated inspector acknowledges receipt on the original of the DD 1348-1 or other delivery document and returns it to the person making the delivery. One other copy must then be marked with the quantity received, and it is used as the ship's receiving copy. This may be the Incoming Material file copy of the procurement document, a copy of the DD 1348-1 received with the material, or a copy of another receipt paper. Any stock receipt normally requires a signature acknowledging that the material has been received from the supplying activity, except during underway replenishment, in which case receipt signatures are not required.

After the receipts have been signed, the next job is to move it to the storeroom. Although most items will go to the bulk storeroom, some will go direct to the retail store or service activity. If the proper disposition is indicated on the Incoming Material file copy by the ordering SH, the receiving SH can accomplish his job faster.

Adequate safeguards must be employed to prevent loss of stock while it is being moved to the storeroom or other location. The method used is largely determined by local preference and the amount of stock received.

After verification, the person responsible acknowledges receipt and custody of the material on the receipt paper, and the receiving SH delivers it to the office.

When stock is received directly into the bulk storeroom, the bulk storeroom SH must acknowledge receipt and custody.

When cost of operation items are received directly into the service activities such as the fountain, vending machines, laundry, barber shop, cobbler shop, or tailor shop, the person in charge of the activity must acknowledge receipt and custody.

When stock is received directly into the retail store, the retail store operator is required to acknowledge receipt and custody.

Figure 7-1 illustrates the information to be shown on the NAVSUP 48 following material receipt. Similar information must be shown on other types of receipt documents.

When tax-free tobacco is received, a commissioned officer must sign the "certificate of receipt" on the reverse of the export forms provided by the supplier. When a commissioned officer is not available, a responsible petty officer may sign the certificate.

Material Inspection

Ship's store stock must be physically inspected upon receipt to ensure that the quantity and quality received agree with the receipt document. The type of inspection performed is determined by the source. These are discussed below.

Receipts from OSO

Ship's store stock transferred from other supply officers must be inspected upon receipt for quantity and condition by the accountable officer or an authorized inspector.

Receipts from Purchase

Ship's store stock received from purchase and other Government departments must be inspected for quantity and condition by the accountable officer or an authorized inspector. Material must not be accepted unless the inspector is satisfied that it conforms to the specifications included in the purchased document. The inspector must receipt for the material and sign the certification of inspection on two copies of the purchase document. If the quantity or condition of the material is not as ordered, the supplier must be notified. Only stock which is received in a satisfactory condition can be accepted, as the Government liability for the stock is governed by the terms of the purchase contract.

RECEIPTS DOCUMENTS DISTRIBUTION

Upon receipt, the pertinent documents are distributed as described below.

Receipts by Transfer

Receipt documents covering receipts by transfer must be distributed as follows:

- The original must be signed by an authorized inspector and returned to the transferring activity except that receipted invoices acknowledging proof of delivery are not required for stores received from supply ships replenishing underway.
- One copy signed by the receiving Ship's Serviceman must be forwarded to the accountable officer. This is the "accountability copy," and must be extended by the accountable officer or someone designated by him. This copy is kept under lock by the accountable officer or designated officer assistant, and is later filed with the retained returns.
- One copy bearing the date of receipt must be extended at cost, posted by the office records SH, and filed in the receipt from OSO file to be used for the original returns.
- One copy to the completed requisition file.

Receipt by Purchase

Upon receipt of purchased material, copies of the NAVSUP 48 must be distributed as follows:

- One copy, signed by the authorized inspector and extended at cost, must be sent to the accountable officer or designated officer assistant.

The incoming material file copy, signed by the receiving SH, must be forwarded to the accountable officer. This "accountability" copy is then extended by the accountable officer or

ORDER AND INSPECTION REPORT (4270)

NAVSUP FORM 4869 pt I (REV 12-68)

CONTRACT NO	PAGE NO	NO. OF PAGES
N228-60600A	1	1

ISSUED BY: (3606) USS FARGO (CL-106)

ORDER NO: R0366-7314-9844

DATE OF ORDER: 10 NOV 1970

SHIP TO: Supply Officer
USS FARGO (CL-106)
Pier 56
San Frisco, Calif.

MAIL INVOICES TO: Supply Officer
USS FARGO (CL-106)
FPO, San Francisco 96601

PAYMENT WILL BE MADE BY: NRFC, Oakland, Calif.

DISCOUNT TERMS: 2/10 Net 30

VENDOR (Contractor and address): Singletary Sweet Shop Inc.
2800 Quebec Street
San Francisco, Calif.

DELIVERY F.O.B.: [X] DESTINATION [ ] OTHER (See Schedule)

DATES OF DELIVERY: 17 NOV 1970

PURCHASE ORDER: [ ] PURCHASE ORDER — In accordance with your [illegible] furnish the following on the terms specified on both sides of this order and on the attached sheets, if any, including delivery as indicated. This purchase is negotiated under authority of 10 U.S.C. 2304(a) ( )

[X] DELIVERY ORDER — This delivery order is subject to instructions contained on this side only of this form and is issued on another government agency or in accordance with and subject to the terms and conditions of the above-numbered contract.

UNITED STATES OF AMERICA
By: J. R. Booth
J. R. BOOTH, LCDR, SC, USN
(Contracting/Ordering Officer)

ACCOUNTING CLASSIFICATION

Item No.	Appropriation and Subhead	Object Class	Bureau Control No.	Sub-allot.	Authorization Acct'g Activity	Trans. Type	Property Acct'g Activity	Country	Cost Code	Amount
1	17X4911.2310	000	21001	0	00250	7C	03606	00	0000000051005	

SCHEDULE

ITEM NO	SUPPLIES OR SERVICES	UNIT	QUANTITY REQUIRED	QUANTITY ACCEPTED	UNIT PRICE	COST DIFFERENCE	BASE DIFFERENCE	NIP	OIP
1	A1-72 NUTS, Mixed Planters 4 oz	TN	960	960	.22				

I HEREBY ACKNOWLEDGE RECEIPT OF ITEMS LISTED HEREON FOR WHICH I HOLD MYSELF RESPONSIBLE TO THE U. S. GOVERNMENT.

NAME R. Grant

RATE SH 2 DATE 11/17/70

BULK SHIP SERVICEMAN ENTERS QUANTITY AND SIGNS STATEMENT UPON RECEIPT OF MATERIAL.

SIGNED RECEIPT DOCUMENT IS DELIVERED TO THE SUPPLY OFFICE FOR PROCESSING BY THE RECORDS SHIP SERVICEMAN AND IS FILED IN THE ACCOUNTABILITY FILE HELD BY THE SUPPLY OFFICER.

DELIVERED MATERIAL WILL BE ACCOMPANIED BY MEMORANDUM INVOICE SHOWING QUANTITY AND PRICE OF EACH ARTICLE DELIVERED.

TOTAL

CERTIFICATE OF INSPECTION

I CERTIFY that the supplies or services listed in the "Quantity Accepted" column were inspected and accepted, that they conform to the contract requirements, that the supplies or services listed on reverse side were rejected for reasons stated, and that the foregoing report is correct.

INSPECTOR (Signature) (Date)

I CERTIFY that the supplies or services listed in the "Quantity Accepted" column were inspected for quality and accepted in accordance with Navy Regulations.

MEDICAL INSPECTOR (Signature) (Date)

FORMED TO PROPER CHG. CONTROL BY

POSTED TO STOCK RECORDS BY

STOCK NO 0108-300-1302

43.23

Figure 7-1.—Receipt from purchase.

someone designated by him, compared with the authorized inspector's copy for quantities received, and retained under lock by the accountable officer or designated officer assistant. Upon submission of returns, this copy must be filed with the retained returns. The copy signed by the authorized inspector is placed in the outstanding purchase order file until receipt of the dealer's bill.

- One copy, taken from the outstanding order file must show the date of receipt of the material, cost extensions, retail extensions when applicable, and must be posted to all applicable stock control records. This copy is then filed in the receipt from purchase file by balance sheet caption for use with the original returns.

POSTING RECEIPTS

Receipts should be posted on the date of receipt, and you must be absolutely accurate when posting ship's store records, since any error will be revealed during preparation of the returns, and a 1¢ error in posting may result in several hours of searching later.

Posting Procedures

After the receiving SH completes checking the material and obtains the signature of the responsible custodian on a copy of the document, all copies are then brought to the office.

The records SH posts all receipt documents for all material (no matter to which store component first delivered) to the Stock Record (NAVSUP 464) as if the material was physically routed through the bulk storeroom. He then performs the following functions:

- Assigns a receiving number and enters this number on each receipt document (from the Journal of Receipts).
- Enters the cost value of the receipt (after discount, and transportation charges has been considered) and other data in the appropriate columns of the NAVSUP 977.
- For receipts into the bulk storeroom, enters the quantity of the receipt or the appropriate NAVSUP 464 in the "balance in bulkroom or warehouse" column and the "total balance" column.
- For receipts into the retail store, fountain, vending machines, and the like, enters the quantity of the receipt as a simultaneous receipt and expenditure in the "balance in bulkroom or warehouse" column of the 464 and as a receipt in the "total column," enters the retail value of the receipt in the appropriate columns of the Ship's Store Afloat Financial Control Record (NAVSUP 235).
- Initials each receipt document to show that all posting has been accomplished. The NAVSUP 48 has blocks for this, and a rubber stamp may be used for other receipt documents.
- Posts the date material was received to the purchase order or requisition log.

Figure 7-2 shows the method of posting receipts and the records involved. The NAVSUP Forms 48, 464, and to a certain extent, the 977 should be familiar to you as they were discussed in the preceding chapter. However, in posting receipts to the 977 you must be aware of the receiving number control system used, and the DD Form 1348-1. Following is a brief explanation on the assignment of receiving numbers, and the purpose and use of the DD Form 1348-1.

Receiving Numbers

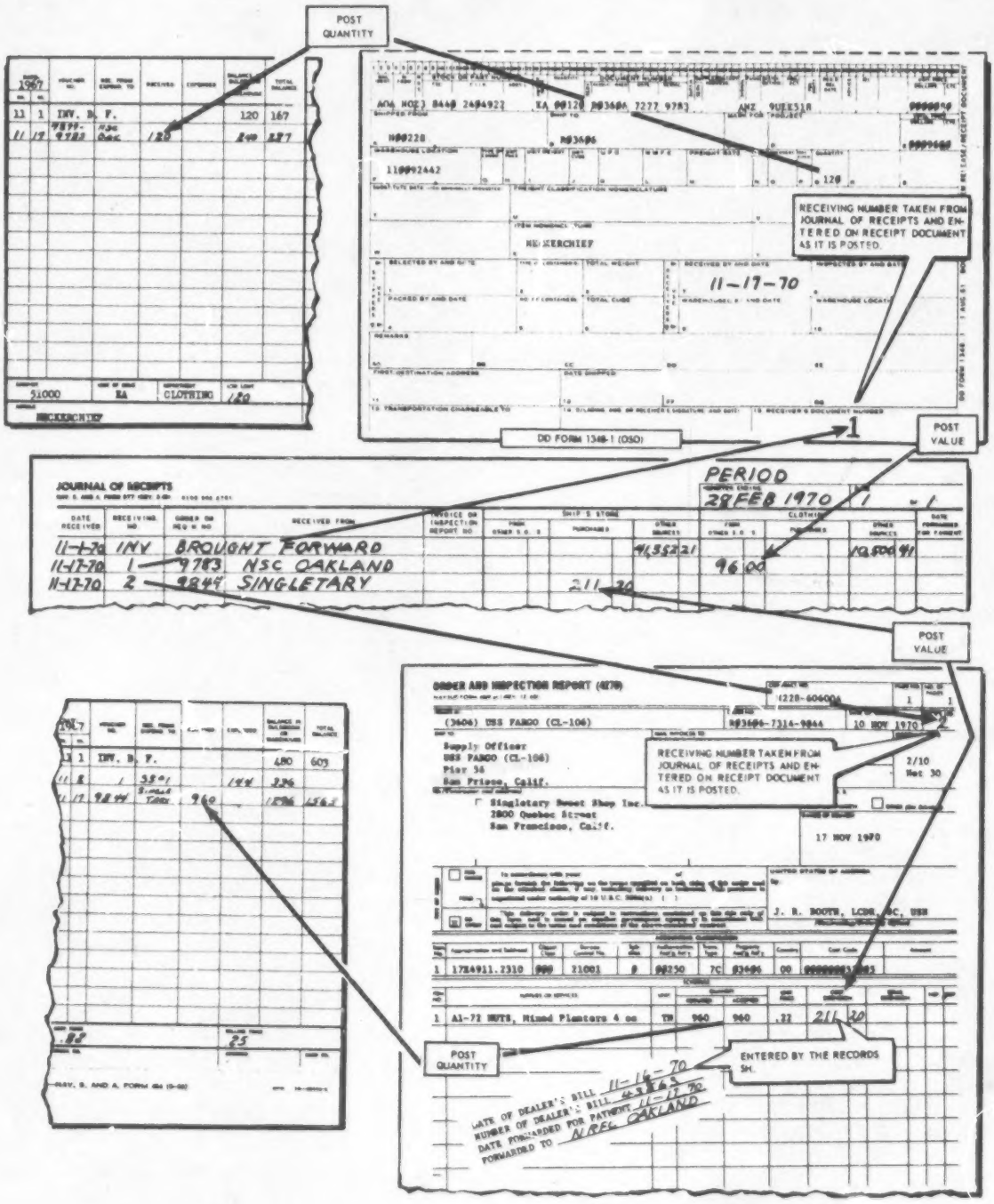
To indicate that posting has been made and to facilitate control of receipt documents, the records SH must assign a receiving number to each receipt document. The number is obtained from the Journal of Receipts, and the series begins with number "1" each accounting period. Special blocks are provided on the NAVSUP 48, and 1348-1 for entering this number. See figure 7-2.

DD Form 1348-1

The DOD Single Line Item Release/Receipt Document (DD Form 1348-1) is the receipt counterpart of the DD Form 1348 (preparation covered in ch. 5). That is, upon receipt of your DOD Single Line Item Requisition System Document, DD Form 1348, the supplying activity normally prepared a DD Form 1348-1 for shipment of the material to you, and the form essentially contains the same information as the 1348 you prepared. See figure 7-2.

Dummy Receipt Papers

All material received should be accompanied by receipt papers. However, material is occasionally received without receipt papers, and when this happens, a "dummy invoice" must be


POST QUANTITY
RECEIVING NUMBER TAKEN FROM JOURNAL OF RECEIPTS AND ENTERED ON RECEIPT DOCUMENT AS IT IS POSTED.
DD FORM 1348-1 (OSO)
POST VALUE
JOURNAL OF RECEIPTS
PERIOD
28FEB 1970
11-1-70 INV BROUGHT FORWARD
11-17-70 1 9783 NSC OAKLAND
11-17-70 2 9844 SINGLETARY
ORDER AND INSPECTION REPORT (4270)
(3606) USS FARGO (CL-106)
Supply Officer
USS FARGO (CL-106)
Pier 56
San Prisco, Calif.
Singletary Sweet Shop Inc.
2800 Quebec Street
San Francisco, Calif.
17 NOV 1970
J. R. BOOTH, LCDR, SC, USN
1 AI-72 NUTS, Mixed Planters 4 oz
POST QUANTITY
ENTERED BY THE RECORDS SH.
DATE OF DEALER'S BILL 11-16-70
NUMBER OF DEALER'S BILL 43345
DATE FORWARDED FOR PAYMENT 11-17-70
FORWARDED TO NAVFAC OAKLAND

43.25

Figure 7-2.—Posting receipt documents.

prepared. The form used for the dummy invoice is normally the same type of form that normally would accompany the same or a similar type of material. The dummy invoice should be plainly marked "dummy," and all pertinent information must be included on this invoice (from markings on the container and material) as it will be used in the same manner as any other receipt document.

Unit Price.—If the unit price of an item received is not known the unit price of the same or a similar item already carried in stock is used. If the actual invoice is received later and in the same accounting period, it should be used to replace the dummy invoice, and any differences in value shown on the dummy invoice, and the actual invoice must be corrected on office records. The actual invoice when received in a subsequent accounting period, is attached to the dummy invoice and filed in the retained returns for the accounting period in which the invoice was reported. Differences in value between the actual invoice and the dummy are covered by a credit or debit DD Form 1149. The net difference, referenced to the dummy invoice previously reported, and the accounting period in which reported must be included on the adjusted DD Form 1149. The debit or credit total value of the invoice must be recorded on the NAVSUP 977 and included in the amount reported as a receipt in the next returns rendered.

ERRORS IN RECEIVING

In the receipt of ship's store stock, errors are often encountered. Generally, they involve shortages or overages. These and the procedures to be followed are discussed below.

Receipt by Transfer

Most errors in receiving ship's store stock occur in the receipt by transfer method. This is because stock received from OSO may be accepted under almost all conditions. Receipts from purchase must conform to the applicable contract or purchase order.

Shortages.—When shipments are received and items are missing or damaged, the total quantity and the total value as shown on the receipt document must be taken up on the stock records. The loss is expended by survey.

Overages.—When an overage occurs, the total quantity and the total value as shown on the receipt document must be taken up on the stock records. A DD Form 1149 must be prepared, plainly marked "gain by inventory," for the total quantity, and value of the overage, and taken up on the stock records. A copy of the "gain by inventory" invoice must be sent to the issuing activity for information and such action as considered necessary. The issuing activity will normally issue a corrected invoice which must be processed as described under "dummy invoice."

RECEIPT ADJUSTMENTS

When stock is received and the prices, unit of issue, and description are not the same, adjustments must be made to stock records. The adjustments to be made for unit of issue or descriptions invoice changing the stock cards to agree with the receipt document.

Price Adjustments

The unit cost price on the NAVSUP 464 must be the unit cost price on the receipt document covering the last receipt. The unit cost price is determined by rounding off the unit cost price of the last receipt to the nearest cent. If the unit cost price of the receipt document is equal to or greater than the current retail (selling) price, the accountable officer should be notified. If he decides that the retail price should be raised, the procedures to be followed depend on the stock position of the item. If the stock position is zero (none on hand), the new retail price is posted to the stock records. If similar stock is on hand in a retail activity, an inventory must be taken and the resulting gain posted to the NAVSUP 235. If similar stock is on hand in the bulk storeroom, an adjustment need only be made to the stock record card. Of course the above adjustments apply to stores operating under the separate accountability procedure. Under combined accountability, an inventory must be taken for all stock on hand regardless of the location, and the resulting gain must be posted to the NAVSUP 235. Merchandise received from excess stock lists at a price marked down below the current prevailing cost price must be carried on a separate 464.

Accounting for Gains and Losses

Adjustments must not be made for gains or losses causes by rounding off or other adjustments of unit cost prices. The gains and losses are absorbed in the cost of retail sales at the end of the accounting period. Adjustments for retail prices are accomplished by the use of a price change document. This document and the procedure to be followed are outlined in a later chapter.

CUSTODY

The term "custody" is used to mean the responsibility for proper care, stowage, use, and records of Navy material.

RESPONSIBILITY OF CUSTODIAN

The applicable custodian (bulk storeroom or retail operator) is responsible, and accountable to the ship's store officer, for all material in his space. The procedures to be followed are discussed in the following paragraphs.

SECURITY OF SUPPLY SPACES

The following general security rules apply to supply department spaces:

- Supply spaces must be kept locked when not in use.
- Custody of keys to spaces and responsibility for security rests with the man in charge of each space.
- Keys to supply spaces may not be taken from the ship, but must be turned in to the key locker when the custodian goes ashore.
- All padlocks should be of one and one half inch size.

Groups of Spaces

For purposes of key administration, supply department spaces are divided into four groups:

GROUP I—General stores spaces, including general storerooms, repair parts storerooms, and special lockers and spaces related to them. Each lock must have an original and a duplicate key, each different from the keys to any other space. The man in charge of the space during working hours has possession of the original key. After working hours this person must turn over the key to the duty petty officer for safekeeping in a general key locker in the supply office. The duplicate key may be kept in the supply office key locker, in a special duplicate key locker, or in the supply officer's safe. An original master key which passes (opens) all locks in group I may be retained in the custody of the officer or petty officer designated by the supply officer. The supply officer retains the duplicate master key in his possession.

GROUP II—Food service spaces, including the galley, bakeshop, bread room, vegetable preparation room, subsistence issue room, butcher shop, refrigerator spaces, and subsistence storeroom. Each lock must have an original and a duplicate key different from the keys to any other space. These keys are handled in the same manner as for group I, except that the keys to the galley, bakeshop, bread room, butcher shop, and vegetable preparation room are not turned in to the key locker but are passed between watch captains as they relieve each other. There must be a master key, different from group I, which will pass all locks in group II. This master key may be retained in the custody of the supply officer or petty officer designated by the supply officer. If a duplicate master key is furnished, it is retained in the custody of the supply officer.

GROUP III—Ship's store and clothing spaces (including the bulk storerooms), retail stores, and all associated spaces. These spaces are secured with keyless (combination) padlocks.

The keyless padlock is provided with a "setting-in" key and instructions for setting the combination. The custodian of the space must:

- Set a combination in the lock.
- Record the combination on a piece of paper.
- Place the paper and the "setting-in" key in an opaque letter size envelope.
- Seal the envelope.
- Sign his name over the flap of the envelope in the presence of the accountable officer.
- Turn the envelope over to the accountable officer.

The custodian does not record the combination anywhere other than on the paper turned in to

the accountable officer, nor does he disclose the combination to any person. The accountable officer receives the sealed envelope, signs his name over the flap in the presence of the custodian, and retains the sealed envelope in his safe. In the absence of the custodian, emergency entry into the space is accomplished by the accountable officer who removes the combination from the sealed envelope and enters the space in the presence of at least two witnesses. If required, damage control nippers or burners provide easiest and quickest entry. These spaces must not remain unattended while unlocked. After entry is made in the absence of the custodian, the space must be secured by replacing the lock and sealing the space with a lead or car seal in the presence of the two persons witnessing the entry. The seal is removed by the custodian upon his return. When entry is obtained in the absence of the custodian, he is required, upon his return, to change the combination. Before doing so, the custodian may, if he so desires, conduct an inventory of the stores in the space.

GROUP IV--All of the ship's service activities (barbershop, tailor shop, laundry, cobbler shop, and photographic shop) are group IV spaces when cash sales are not made through them, or no material for cash sale is stowed therein. When the latter conditions exist, these spaces must be placed under group III.

Each lock in group IV must have an original key different from the keys to other spaces, and it must be kept by the man in charge of the space during working hours. After duty hours, the person in charge of the space must turn the key over to the duty petty officer for safekeeping in the key locker in the supply office. A duplicate key for each space is safeguarded in the same manner as for group I. The supply officer or his designated assistant retains in his custody a master key (original) to all locks in group IV. The supply officer retains the duplicate master key in his custody.

Grand Master Key

The supply officer is required to maintain in his custody a grand master key, which will open all locks in groups I, II, and IV. It will NOT open locks in group III. If authorized by the supply officer, duty supply officers or duty petty officers may pass the duplicate key between them when the number of supply officers aboard is such that the senior petty officers are required to act as department duty officers.

Figure 7-3 illustrates typical custody with regard to keys. Study and become familiar with it.

Sets of locks, containing locks for groups I, II, and IV supply spaces, are available in various sizes to meet the requirements of different ships. However, when a single series padlock set is adequate to meet the needs of large ships, more than one set may be used. For example, one set for group I and a second set for groups II and IV.

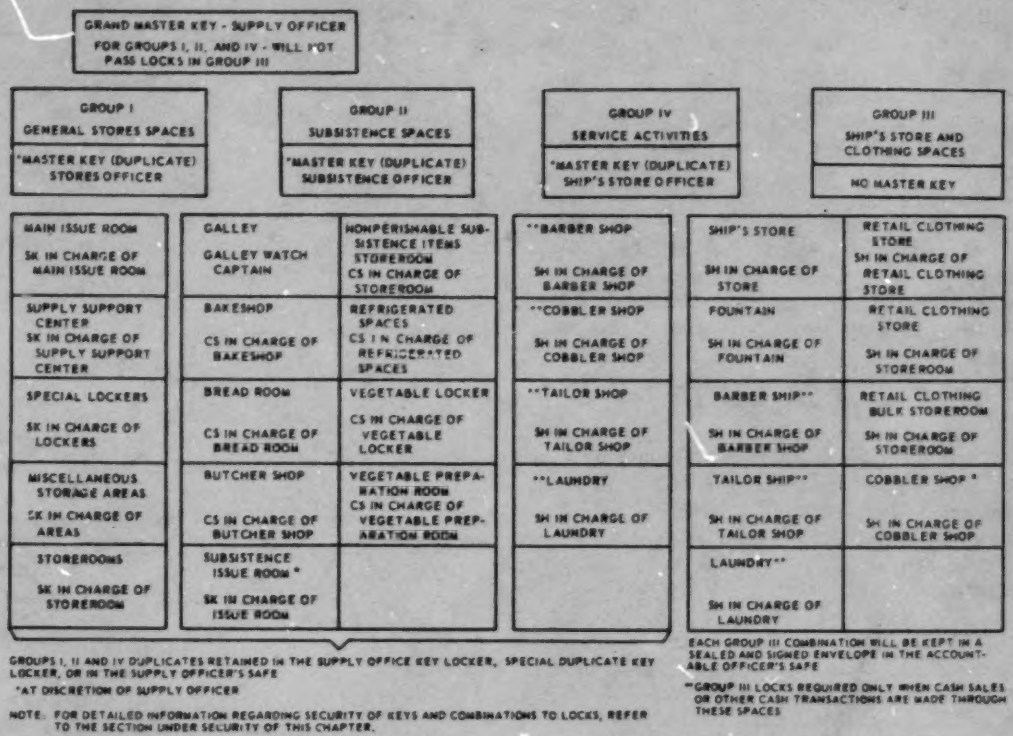
STORAGE

Storage, in its customary meaning, implies the care and protection of material lying idle in a warehouse or storeroom. Generally speaking, storage is the assembly of material from various sources to be held and protected until needed. There are no hard and fast rules for stowage aboard ship. A few simple principles mixed with plenty of common sense form the basis for proper stowage. Your storerooms will not all be of the same size and shape. They may be odd bits of space which no one else can use. You will also have frames, pipes, and stanchions, which will interfere with storage plans. For these reasons, you'll often have to make and remake plans to suit the circumstances.

CLASSIFICATION OF MATERIAL

Prior to any discussion on the storage of material you should be aware that material for storage purpose is classified as dangerous, semisafe, and safe material. Most of the material under each of the above categories is received, issued, and stowed by other supply personnel. However, you are a member of the supply department, and since your storeroom may be adjacent to one of the spaces that contains some of the above material, you must be aware of how material is classified and stowed.

NAVSHIPS Technical Manual sets forth the requirements for stowage of safe, semisafe, and dangerous material aboard Navy ships and contains lists of material under each classification. FMSO issues instructions in the 4450 series that identifies the various types of hazardous material by FSN and should be used in determining special labeling and stowage requirements.


GRAND MASTER KEY - SUPPLY OFFICER
FOR GROUPS I, II, AND IV - WILL NOT PASS LOCKS IN GROUP III
GROUP I
GENERAL STORES SPACES
*MASTER KEY (DUPLICATE) STORES OFFICER
GROUP II
SUBSISTENCE SPACES
*MASTER KEY (DUPLICATE) SUBSISTENCE OFFICER
GROUP IV
SERVICE ACTIVITIES
*MASTER KEY (DUPLICATE) SHIP'S STORE OFFICER
GROUP III
SHIP'S STORE AND CLOTHING SPACES
NO MASTER KEY
MAIN ISSUE ROOM
SK IN CHARGE OF MAIN ISSUE ROOM
SUPPLY SUPPORT CENTER
SK IN CHARGE OF SUPPLY SUPPORT CENTER
SPECIAL LOCKERS
SK IN CHARGE OF LOCKERS
MISCELLANEOUS STORAGE AREAS
SK IN CHARGE OF AREAS
STOREROOMS
SK IN CHARGE OF STOREROOM
GALLEY
GALLEY WATCH CAPTAIN
BAKESHOP
CS IN CHARGE OF BAKESHOP
BREAD ROOM
CS IN CHARGE OF BREAD ROOM
BUTCHER SHOP
CS IN CHARGE OF BUTCHER SHOP
SUBSISTENCE ISSUE ROOM *
SK IN CHARGE OF ISSUE ROOM
NONPERISHABLE SUBSISTENCE ITEMS STOREROOM
CS IN CHARGE OF STOREROOM
REFRIGERATED SPACES
CS IN CHARGE OF REFRIGERATED SPACES
VEGETABLE LOCKER
CS IN CHARGE OF VEGETABLE LOCKER
VEGETABLE PREPARATION ROOM
CS IN CHARGE OF VEGETABLE PREPARATION ROOM
**BARBER SHOP
SH IN CHARGE OF BARBER SHOP
**COBBLER SHOP
SH IN CHARGE OF COBBLER SHOP
**TAILOR SHOP
SH IN CHARGE OF TAILOR SHOP
**LAUNDRY
SH IN CHARGE OF LAUNDRY
SHIP'S STORE
SH IN CHARGE OF STORE
FOUNTAIN
SH IN CHARGE OF FOUNTAIN
BARBER SHIP**
SH IN CHARGE OF BARBER SHOP
TAILOR SHIP**
SH IN CHARGE OF TAILOR SHOP
LAUNDRY**
SH IN CHARGE OF LAUNDRY
RETAIL CLOTHING STORE
SH IN CHARGE OF RETAIL CLOTHING STORE
RETAIL CLOTHING STORE
SH IN CHARGE OF STOREROOM
RETAIL CLOTHING BULK STOREROOM
SH IN CHARGE OF STOREROOM
COBBLER SHOP *
SH IN CHARGE OF COBBLER SHOP
GROUPS I, II AND IV DUPLICATES RETAINED IN THE SUPPLY OFFICE KEY LOCKER, SPECIAL DUPLICATE KEY LOCKER, OR IN THE SUPPLY OFFICER'S SAFE
*AT DISCRETION OF SUPPLY OFFICER
NOTE: FOR DETAILED INFORMATION REGARDING SECURITY OF KEYS AND COMBINATIONS TO LOCKS, REFER TO THE SECTION UNDER SECURITY OF THIS CHAPTER.
EACH GROUP III COMBINATION WILL BE KEPT IN A SEALED AND SIGNED ENVELOPE IN THE ACCOUNTABLE OFFICER'S SAFE
**GROUP III LOCKS REQUIRED ONLY WHEN CASH SALES OR OTHER CASH TRANSACTIONS ARE MADE THROUGH THESE SPACES

43.1

Figure 7-3.—Supply space groups and custody chart.

We will first consider the above classification of material and then discuss the principles of storeroom layout, and the storage requirements for specific types of ship's store stock.

Dangerous Material

Dangerous material includes all types of compressed gases and materials which present a considerable fire hazard or other dangerous characteristics. These materials must be stowed in the paint and flammable liquid storerooms. Paint and oil constitute the bulk of material in this category which is stocked. The paint and flammable liquid storerooms are normally provided with sprinkler and CO_2 smothering systems that may be activated by automatic temperature sensitive devices inside and by manual controls outside the storerooms. A flooding system operated manually outside the storerooms is an additional safety factor. These storerooms are located, when practical, below the full load waterline, near either end of the vessel, and not adjacent to a magazine. They are equipped with watertight doors that must be locked and dogged when not in use.

Semisafe Material

Semisafe material includes linseed oil, paints, and metal polish. These materials are considered safe as long as the containers have not been opened and do not leak. Any leakage must be cleaned up promptly and the leaking or opened container issued for use or otherwise disposed of. All semisafe material must be stowed in the paint and flammable liquid storeroom.

Safe Material

Safe material includes deck wax, furniture polish, and laundry blue. Safe materials are not subject to spontaneous combustion and present no particular hazard due to reactions that might arise from broken containers. No special stowage, fire protection, or ventilation is needed for safe material.

PRINCIPLES OF STOREROOM LAYOUT

Stowage plans must be flexible to provide for changing conditions and stock requirements. The size, location, and characteristics of a storeroom will be the deciding factors when choosing storage locations for material. All storage plans should provide for:

Maximum Storage Capacity

Storerooms should have a variety of stowage facilities (bins, racks, and deck gratings and battens) so that locations may be chosen to fit the space requirements of the material and prevent excessive wasted space.

Security and Safety of Stores

These factors must be considered not only from the standpoint of preventing unauthorized use of material but also in preventing damage to stores and storeroom facilities and the hazard to personnel and ship because of improper stowage.

Access to Stores

When stowing material, keep in mind that you may be the one issuing or counting the items later. If you receive 20 cases of an item, don't stack it all on top of 1 case of a different item. You will have large quantities of some items in bulk storerooms, but proper arrangement and use of battens so that types of items are accessible can save you time and unnecessary work when issues are made.

Orderly Arrangements

Storerooms should be neat and orderly, and when possible, all containers should be arranged by item, brand name, and date of receipt/manufacture. This way, the contents can be determined without handling each item, and it will also facilitate the counting of the item during inventory.

STOREROOM MAINTENANCE

The person in charge of a storeroom is also responsible for maintaining the space. Before securing each night, sweep the storeroom and remove all trash. Bins, shelves, ventilation ducts, and fans must be cleaned periodically. If you observe good housekeeping practices, your spaces will always present a neat and efficient appearance.

The material condition of your space is also your responsibility. Rust is an ever present enemy and requires constant vigilance to keep it under control. Rust spots should be chipped, brushed, or sanded, primed, and spot painted. Loose bolts should be tightened promptly to prevent possible damage to the storeroom or its contents. Pipes, valves, electrical system, watertight fittings, and firefighting equipment must be examined daily and any defect reported to the ship's store officer.

Daily security reports are required by the supply officer or duty supply officer. The method and time of these reports are established in each ship's routine.

Prior to getting underway into open seas, storerooms must be thoroughly inspected and secured to prevent stores from shifting due to the ship's motion. Bulk stores must be braced or lashed to bulkhead, stanchions, or battens, and the fronts of open bins and shelves secured to prevent stores from falling out on deck.

Unless approval is obtained from the commanding officer, personal gear must not be stowed in supply storerooms.

STOWAGE OF SHIP'S STORE STOCK

The principles of stowage set forth in the preceding section apply equally to ship's store stock. However, additional precautions must be taken to afford proper protection. Most items of general stores and repair parts can be stored indefinitely if they are properly protected. This is not the case with ship's store stock, much of which is highly perishable.

Protection of Stores

The custodian is responsible for the proper stowage of materials to protect them from damage and deterioration while in storage.

Prevention of Breakage

Fragile material should not be placed in the same location with heavy material. Material should be stowed to prevent excessive movement while the ship is underway, particularly if susceptable to breakage. Empty cardboard cartons may be cut into strips and shapes to fill unused space in a location. Material received in glass containers must receive special consideration since breakage results not only in loss of the material but may cause damage to other stores or create a hazard to personnel. By following the above procedures, you will not only prevent damage to stock, but also assure speed and efficiency in receipt, handling, and issue.

Storeroom Ventilation

All storerooms must be well ventilated to prevent excessive heat and humidity. Bacteria and insect growth are encouraged by high temperature and humidity. In addition, high humidity can result in mold and mildew and may cause mustiness in cookies, crackers, and tobacco products. Of course you have no control over storeroom location, but you are responsible to see that correct stowage practices are followed to permit as much air circulation as possible. Damage to stock can occur even in a well ventilated space when stowage is improper.

Pilferage and Theft

To prevent pilferage and theft, ship's store stock must be placed in a locked space and secured with a manipulation-proof, 3-way combination lock. The procedure for setting and recording the combination was discussed earlier in this chapter.

Private Use of Stores

Public supplies may not be taken for the private use of any individual except for emergency issues to persons in distress as authorized by NAVSUP Manual. All issues of material must be made only on properly prepared issue or transfer documents.

Markings

When a customer makes a purchase, he has a right to expect clean, fresh, attractive merchandise. The bulk storeroom custodian is largely responsible for the condition of stock in the store. He must ensure that stocks are rotated (first in—first out) so that older stocks do not become overaged and deteriorate while newer stocks are transferred to the store.

This is accomplished by marking the receipt date or date of manufacture on each case as it is received. Some manufacturers show a coded date of manufacture on the case. These codes are currently contained in NRSOINST 4067.4, Stowage of Ship's Stock, which is issued by the Navy Resale System Office. When the date of receipt is used rather than the date of manufacture, you are ignoring the amount of time the item may have spent in a supplier's warehouse. Therefore, on items that are highly deteriorative, it is most important that the date of manufacture be used. The above instruction contains the codes used by various manufacturers to indicate the date of manufacture for such items as candies, cookies, crackers, and tobacco products, and a copy should be available to the bulk storeroom SH.

SPECIAL STOWAGE

While we have discussed some of the general requirements for the stowage of ship's store stock, the following paragraphs contain special considerations that must be given to stowage of some specific items of stock

Clothing

Dunnage or grating must be used to keep clothing cases off the deck and away from bulkheads since moisture caused by sweating can be absorbed by the cases and result in stains and mildew in the clothing. Clothing should be stowed in a systematic manner; that is, by sizes of articles, arranged according to stock number. This will help you when taking inventory since it will save time in getting the stock ready for counting. Remember always to put the new stock back of the old stock, so that you can follow the first in—first out rule when issuing material.

If loose articles of clothing cannot be issued immediately to the clothing store, they should be wrapped in paper or placed in plastic bags to keep them clean.

- White clothing must be protected from stains and mildew.
- Wool clothing is susceptible to mildew and moth damage.
- Shoes mildew quickly in high heat and humidity.
- Rubber bands or paper containing sulphur should not be used on gold or gilt items since they can cause tarnishing.

Candy and Food

Pure sugar and chocolate candy should be stowed at a temperature less than 70°F and a humidity of less than 75 percent. Chocolate stowed at a temperature higher than 70° develops "white bloom" as a result of separation of cocoa fat. It is still edible, but looks bad and sells poorly. Soft candies should be stowed at a temperature of 60° or less.

Cookies and crackers require stowage in well ventilated areas with a humidity of 75 percent or less; otherwise they may become stale and musty.

Tobacco

To keep tobacco products from becoming stale and musty, they should be stored in a dry, well ventilated space.

Film

Film should be stored in a cool, well ventilated space since it deteriorates rapidly in high heat and humidity. Film stocks must be rotated and issued according to the expiration date printed on the package by the manufacturer. Cut film and sensitized photographic paper should be stored on edge to prevent them from sticking together.

Cobbler Supplies

Stow leather in a cool, dry place since it mildews quickly, especially in tropical climates. It may also become too dry. If necessary to prevent excessive dryness, oil the leather occasionally with neat's-foot oil or a substitute. If the leather shows signs of too much dampness, dry it in the shade, never in extreme heat or direct sunlight.

Fountain Supplies

Light can cause deterioration of some items bottled in glass containers, and the cases should not be opened until ready for use or sale. High temperature is the chief cause of accelerated spoilage in canned foods and toppings and can speed up the "pinholing" action caused by the acid in canned citrus fruit juices.

Laundry Supplies

Laundry supplies must not be stowed in a space with high humidity, and the containers (drums, boxes, etc.) should not be opened until ready for use. Special care must be taken when stowing bleaching powder since it is considered dangerous.

MATERIAL HANDLING EQUIPMENT

You may not operate materials handling equipment in the normal course of your duties, but it is important for you to understand their operation and use. Many of the equipments discussed below are used aboard ship. The effective use of materials handling equipment aboard ship depends upon unobstructed deck space. For this reason, these equipments are used extensively aboard carriers and the newer cargo and replenishment ships (AFS and AOE).

FORKLIFT TRUCKS

A forklift truck is a vehicle designed to pick up, carry, and stack unit loads of supplies and equipment. Standard forklift trucks are available with lifting capacities of from 2000 to 15,000 pounds and lifting heights of up to 210 inches. They may be powered by gasoline or diesel engine or battery-electric motor. The battery-electric type is usually used only for inside operation where carbon monoxide from internal combustion engines would be a safety hazard. Forklifts use the cantilever principle (a projecting beam supported only at one end), with the load counterbalanced by the weight of the truck with the front wheels acting as the center of balance.

Forklifts are excellent for handling palletized unit loads, though they can be used for loads assembled on skids or in boxes. The forks can be

replaced with special attachments to adapt the forklift to hard-to-handle material (drums, reels of cable or rope, etc.), but it is usually used as is for loading and unloading palletized loads on trailers, trucks, railroad cars, and warehouse platforms. The forklift illustrated in figure 7-4 is a solid rubber tire warehouse type powered by a gasoline engine.

There are so many different makes and models of forklift trucks that it is difficult to generalize on their controls. Although most of them have controls similar to an automobile, they differ in that they have front wheel drive and steering is performed through the rear wheels. In addition to the controls for the truck, there is another set of controls for the fork. These usually consist of two levers; one to raise and lower the fork and one to tilt the mast (supporting frame). The mast is tilted forward to a vertical position when picking up or lowering a load. It is tilted back toward the operator when transporting a load to give it greater stability.

Safety Precautions

Some safety precautions for forklift operation are listed below:

- The load capacity should be prominently stenciled on the forklift—do not overload.
- Do not bump or push stacks to straighten them.
- Do not allow anyone to ride on the fork.
- Do not load while the forklift is moving.
- Tilt mast back when transporting a load.
- Drive forward when transporting a load up a ramp and in reverse when going down.
- When parking and leaving a truck, be sure the motor is turned off and the parking brake is set.

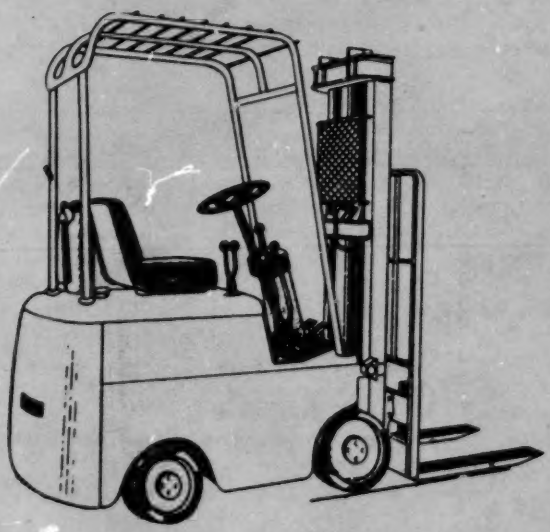


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Figure 7-4.—Forklift truck.

PALLET TRUCKS

Pallet trucks serve a useful purpose in picking up and transporting palletized loads. They are especially good where space is limited and where handling operations are too small for forklift trucks.

The pallet truck frame consists of a fork which fits between the top and bottom decks of a pallet and supports the load on the entire wheelbase. They may be self-propelled using battery-electric motor or may be manually propelled. The lift mechanism is hydraulic and may be either electric powered or manual. The use of the pallet truck is limited since it requires a smooth deck because of the small wheels and it does not have the lift capability of the forklift for stacking operations. A batter-electric powered pallet truck is shown in figure 7-5.

HAND TRUCKS

Hand trucks are perhaps the most versatile of all material handling equipment. They may be

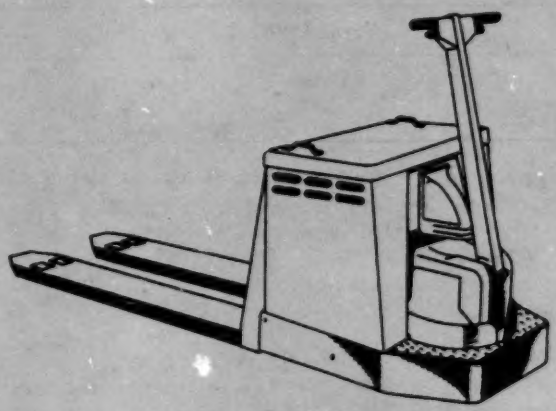

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Figure 7-5.—Battery powered pallet truck.

either 2- or 4-wheel. The 2-wheel type is shown in figure 7-6. They range in size and weight from 45 to 155 pounds with carrying capacities up to 2000 pounds.

To operate a hand truck after it is loaded, place a foot on the axle and pull down on the handles. Most of the weight is then balanced on the wheels and axle and you can push the load easily. The hand truck may also be used as a pry or lever. By pushing the lip under a heavy object, it is possible to raise it several inches off the floor.

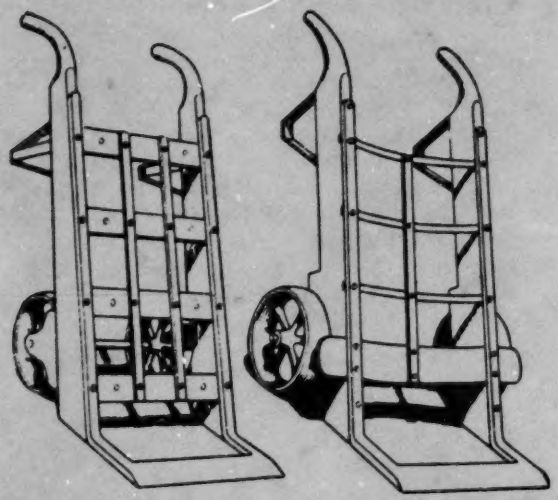

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Figure 7-6.—Two-wheeled warehouse hand trucks.

PALLETS

A pallet is a wooden, steel, or aluminum platform, built to specified dimensions, usually 40" x 48", on which you can load, transport, or stow material in units without rehandling.

Types of Pallets

Several types of pallets and their characteristics are discussed below.

A double-platform pallet, illustrated in figure 7-7, is especially useful for handling materials with forklift and pallet trucks. You can easily handle crated and packaged supplies of uniform

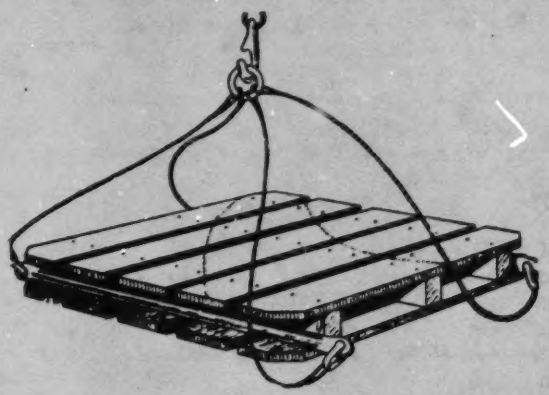

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Figure 7-7.—Double-platform pallet with a bridle.

size, such as subsistence, on this type of pallet. The double-platform pallet is excellent for stevedoring and transit shed operations because of its durability.

A single-platform pallet has one platform nailed or bolted to stringers, usually 2" x 4" material. Although satisfactory for some purposes, this type is not as strong as the double-platform pallet.

The box pallet, illustrated in figure 7-8, is used primarily for handling small lot items or easily crushed cargo. Palletizing speeds up the handling of such material; therefore, you should

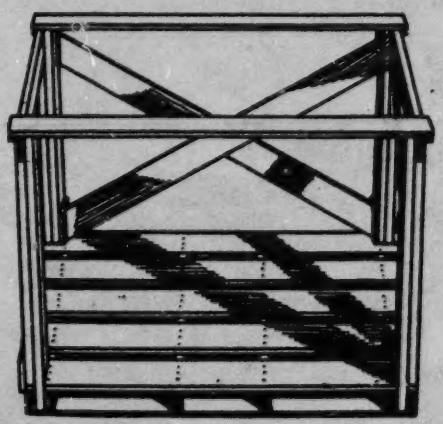

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Figure 7-8.—Assembled box pallet.

palletize whenever possible. When discharging items from the ship to a transit shed, loading directly into a box pallet saves considerable time and labor.

You can easily disassemble a box pallet and use it as a double platform pallet, as shown in figure 7-9.

Loading Pallets

When loading a pallet, three things must be considered: (1) maximum load, (2) stability, and (3) proper pallet size. Make sure that the pallet will pass through all doors, aisles, and hatches likely to be encountered. The stability of the material on the pallet must be considered and a decision made as to the type of pallet to use, platform or box pallet.

Figure 7-10 illustrates the recommended way to load material on a pallet. Since the size of the boxes being loaded will determine their arrangement on the pallet, a standard loading pattern is not always appropriate. However, in the illustration you can see that the material not only fits the pallet (in recommended A and B stacking), but they are arranged so as to provide stability against slipping or sliding.

Boxes of materials are not always the same size. When this is true, place the highest and strongest cases at each end of the pallet and the smaller and more fragile cases in the center. This arrangement provides a stronger surface for a second tier of cases on the pallet and also makes it possible to place a second, loaded pallet on top for storage.

Strapping Pallets

Palletized material that must be moved several times should be strapped. Metal or nylon strapping may be used and the number of straps required for a palletized unit depends upon the type of material and the amount and kind of handling it is to receive. The tool used to tighten the strapping is capable of exerting a great amount of force, and you must be careful not to crush the material. Metal or folded cardboard corners may be placed under the strapping to distribute the force over a wider area and help prevent damage to the cartons or their contents.

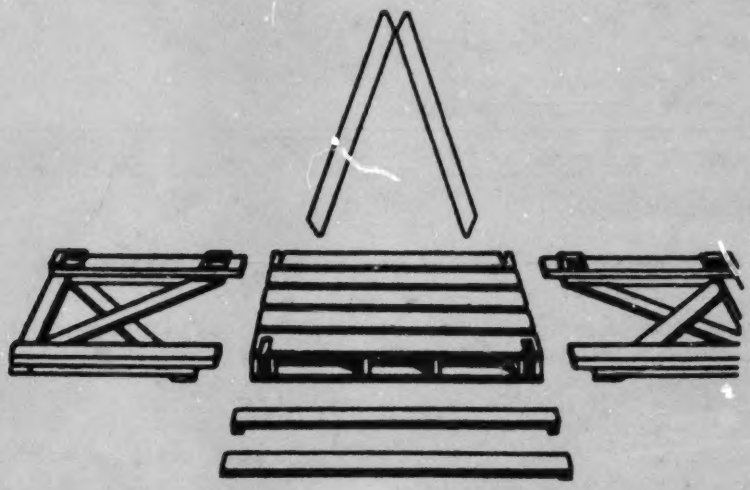

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Figure 7-9.—Disassembled box pallet.

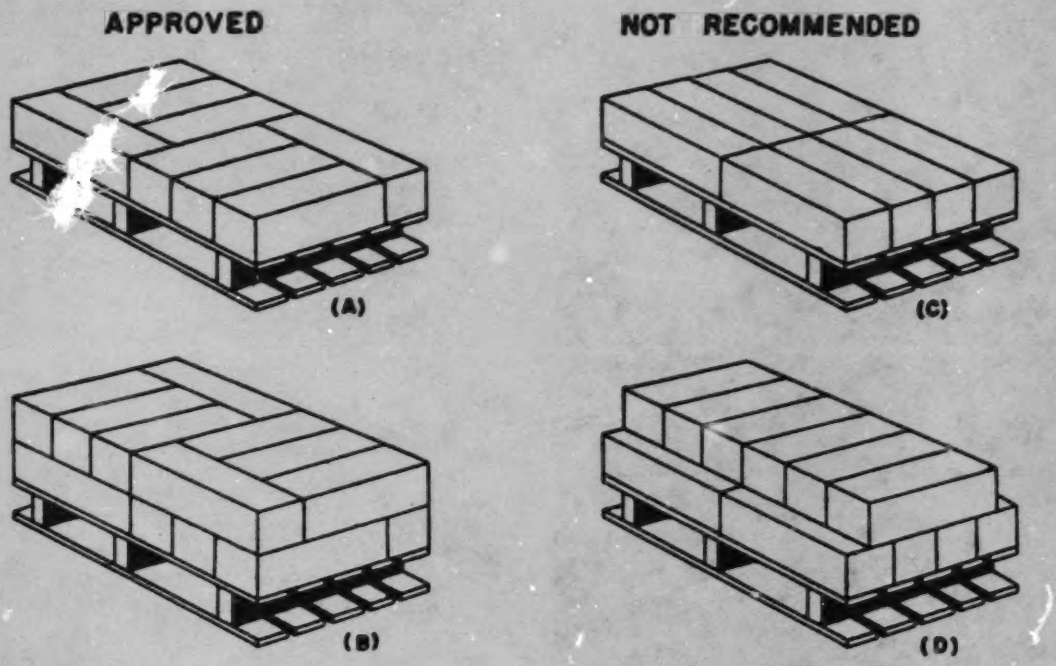

Figure 7-10.—Best way to load a pallet.

HORIZONTAL CONVEYORS

The skate wheel type of horizontal conveyor is ideal for any type ship when a large quantity of boxes must be moved. Figure 7-11 shows their use in clearing the landing area of the receiving ship during underway replenishment. Folding stands may be used when it is necessary to clear obstructions on the deck or to pass through doors. Accessories for horizontal conveyors include turntables and curved sections.

LADDER CHUTE

A folding ladder chute has been developed recently for use in striking down stores. Figure 7-12 shows the chute in both the "secured" and "in use" positions. It is available in kit form and may be easily installed on existing ship's ladders. The support braces, attached to the lower end of the ladder, are adjustable to provide a convenient working height and to reduce the angle of the ladder so that boxes will not slide too fast. The surface of the chute is coated with an abrasive which also slows down the descent of stores. The ladder is easily restored to normal use by folding up the support brace and chute wings and securing them with latches furnished with the kit.

SAFETY PRECAUTIONS

Safety precautions must be observed in any cargo handling operation to keep accidents to a minimum. However, cargo handling aboard ship requires more rigid safety precautions. Warehouses and storage areas ashore are designed and arranged to provide maximum use of materials handling equipment. This is not usually the case aboard ship; working space is much more confined, the use of materials handling equipment is limited, and the ease, speed, and convenience of cargo handling was not the entire consideration when designing the ship.

The following paragraphs discuss causes of accidents, some specific danger areas, and supervisory responsibility, and provide a checklist of safety precautions.

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Figure 7-11.—Horizontal conveyors.

Safety precautions are published separately for activities ashore and for forces afloat. Those for activities ashore are published under the title of Department of the Navy Safety Precautions for Shore Activities.

Safety precautions for forces afloat are issued by systems commands, bureaus, and offices of the Department of the Navy in the form of publications, pamphlets, periodicals and directives. The Chief of Naval Operations publishes indexes of all Department of the Navy safety precautions applicable to forces afloat. These indexes are issued as OPNAV Notices with a subject classification number 5100.

Safety precautions are something you either know and observe or you don't. There is no middle ground; you can't learn or use them halfway. Human lives (yours and those of other people working around you) and expensive equipment are at stake. Safety precautions as discussed in this chapter apply not only to the workers but to everybody in the vicinity of potential danger.

CAUSES OF ACCIDENTS

Primarily accidents are caused by men. Equipment is usually involved, but men handle the equipment. Most accidents are the result of:

- Carelessness
- Inexperience
- Attitude

Carelessness

Some locations are potential danger spots, and lack of alertness may cause accidents resulting in injury or death. Men working on piers, weather decks, and in the ship's hold must be constantly on the alert for moving or falling objects. As men become familiar with a job, they may try to take "short cuts" which place themselves and others in danger. Fatigue is another cause of carelessness. As a man tires, he is less alert and more liable to cause an accident.

Inexperience

Unless men are indoctrinated and experienced in handling a particular piece of equipment, they should not be allowed to use it except under close supervision. Men who operate cranes, capstans, winches, windlasses, and other deck equipment must first get authority from the first lieutenant. A man may know how to drive a forklift, but he may not be fully aware of the safety precautions he should take while operating it. Operating materials handling equipment is not the only way that inexperienced personnel may cause accidents. A man working as a cargo handler for the first time may not be aware of the dangers involved and such a minor mistake as an improperly loaded cargo net may result in an injury—to himself or someone else.

Attitude

Some people work around dangerous machinery or equipment—explosives, acids, electrical equipment—without mishap. They take necessary safety precautions. Some men, however, working around dangerous objects or in dangerous work become overfamiliar with it. They have a tendency to slack off in the practice of safety.

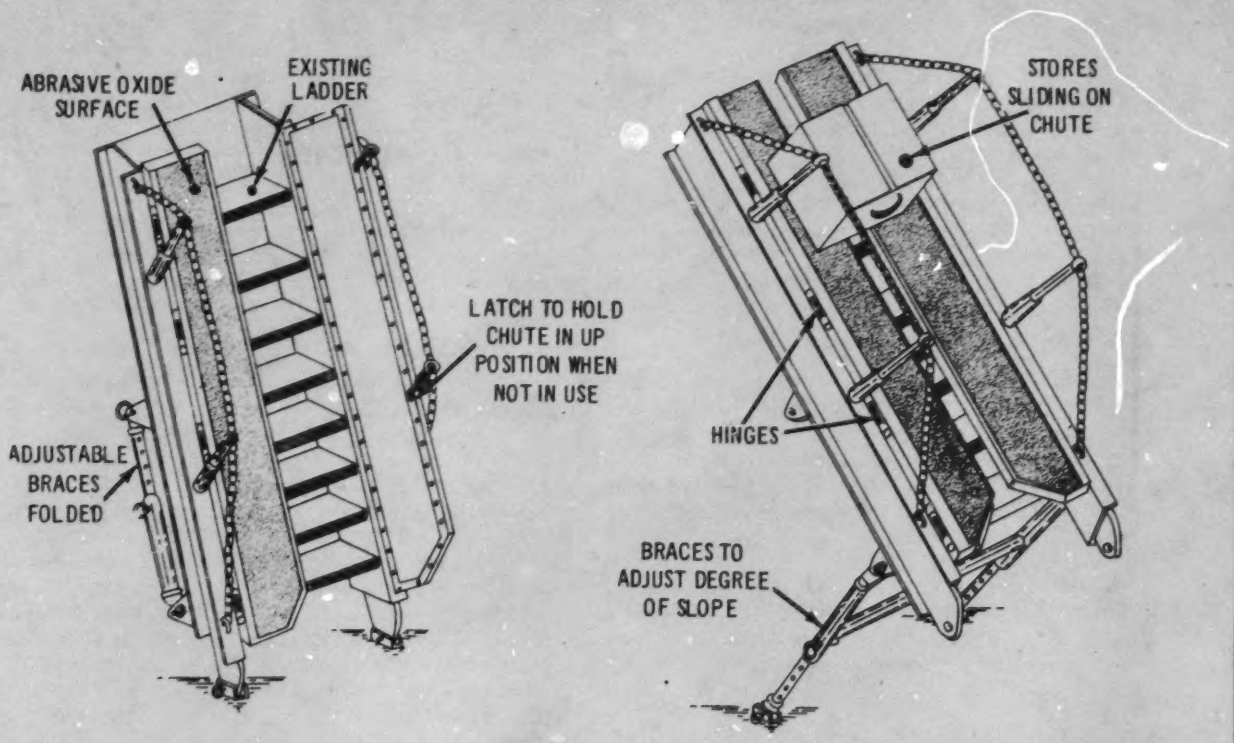


Figure 7-12.—Stores strike-down chute.

The adage—there are old electricians and bold electricians, but there are no old, bold electricians—applies equally well to cargo handling. When a man develops a poor attitude toward his work, a change must be made; either in his attitude or in his work assignment. If previous experience indicates that a man has a tendency toward unreliability, he should not be permitted to operate materials handling equipment or work in a position where his unreliability could result in injury to himself or others. Of course, the cause of unreliability should be determined and eliminated, if possible.

DANGER AREAS

Many types of accidents can happen when handling cargo. Some of the danger areas and accident causes are discussed below:

Defective Equipment.—Do not use worn or defective equipment, including winches, rigging, chains, nets, and bridles. Report their condition to your supervisor. Repairs should be made only by qualified personnel since a poor repair job may constitute a worse hazard than the defective equipment.

Thrown Objects.—Objects such as blocks, crowbars, and slings should not be thrown from the deck into the hold or onto the pier.

Improperly Assembled Drafts.—Nets and pallets should be so loaded that items will not fall during hoisting.

Failure to Stand Clear.—The warning STAND CLEAR! should be given when cargo or hoisting gear is being lowered into a hold or onto the pier.

Cargo Improperly Landed.—Cargo should be guided to a safe landing after being stopped about 1 foot above the intended landing area.

Loads Stopped Overhead.—Avoid stopping loads overhead. If a hoisted load must be stopped before being lowered into the hold, it should be stopped over the weather deck—never over the square of the hatch or over the heads of personnel on the pier.

Improper Stowage.—When stowed, cargo should be tiered evenly, tied in, stepped back, or floored off to prevent collapse. Dunnage should be used as a firm flooring for tiering. Never stow cargo, even for a temporary period, in a half-way manner.

Hatch Beams or Boards.—When only part of a cargo hatch is open, remaining hatch beams should be pinned or locked in place to prevent them from being dislodged and falling on men below. Hatch boards should be stacked well back from the hatch to prevent them from being accidentally knocked into the hold.

Standing in Bight of Line.—No one should ever stand with his feet in the bight of a line or in the eye of a cargo strip or sling. To do so may result in broken bones or even more serious injury.

Fleet Freight.—Carefully inspect all material received as fleet freight for evidence of damaged or leaking containers. Extremely hazardous conditions can result from several compounds normally used aboard ship.

Open Hatches.—Guards should be placed near open hatches and other open spaces. Safety lines must be used around such openings when cargo is not being handled through them.

Temporarily Covered Hatches.—Hatches covered only with a tarpaulin or other temporary covering are dangerous, perhaps more so than uncovered hatches, which are fully visible. Temporary coverings should be used only during inclement weather, if at all.

Riding on Hooks.—Personnel should not be permitted to ride cargo handling gear, such as hooks or nets, between pier and ship or between the deck and hold. The save-all must not be used as a ladder between the pier and the ship.

Removed Handrails.—When handrails are removed to load cargo or for other reasons, the working area should be roped off to prevent personnel from falling over the side.

Ladders.—Ladders in the square of the hatch should not be used when cargo is being lowered or hoisted in the hold. Much care must be exercised when using these ladders, particularly when hatchboards from several decks have been removed. Stairway type ladders should be used when they are available.

Slippery Decks.—Oil, grease, ice, or any slippery material on the decks or pier should be removed immediately or covered with sand, cinders, sawdust, or other suitable antislip material.

Improper Lighting.—When concealment is unimportant, flood lights should be provided at night on the weather deck, overside, and in cargo holds. Flashlights should be available for emergencies. When entering unlighted compartments, personnel should carry portable safety lights.

Asphyxia and Poisoning.—During some cargo handling or related operations, asphyxia or poisoning may result from: (1) lack of oxygen, (2) poisonous gases or fumes, or (3) exposing skin or eyes to or swallowing petroleum products. (Some vapors may be swallowed without the knowledge of the victim.) A man showing signs of asphyxia or poisoning should receive immediate attention and the cargo officer notified. The space should be inspected before work is continued.

FIRES AND EXPLOSIONS

Fires and explosions may be caused by: (1) explosive vapor; (2) spilled flammables or explosives; (3) ignition sources such as smoking, hot work, open fires, electrical equipment, naked lights, and sparks from tools; (4) heat; (5) spontaneous ignition; (6) water causing chemical reaction with certain substances; (7) improper handling; and (8) inadequate sentries.

While fire is a potential danger with almost all types of cargo, the possibility of fire or explosion is greatly increased when cargo operations involve flammables and ammunition. However, extra precautions are normally taken when these dangerous materials are handled, and probably most fires occur in ordinary combustible material (paper, rags, wood, etc.). Since the fire hazard is not as great when handling these materials, fewer precautions are usually taken and cargo handlers are apt to become careless.

LIFTING CASES

There is a right and a wrong way of picking up heavy cases of material. The correct method of lifting heavy objects is illustrated in figure 7-13. The person stands close to the load, with his feet slightly apart and solidly placed. With knees bent, he grasps the object firmly and lifts it by straightening his legs, keeping the back as vertical as possible. When lifting from an elevated position, keep the object close to the body.

Keep the square of the hatch clear and free of debris. Place a solid level floor of dunnage on top of stowed cargo when needed to provide sound footing for hold men or a safe landing area for cargo coming in. Men in the hold must stand clear of the hatch when a draft is overhead—cargo being hoisted from or lowered into the hold. The hold crew should take over either fore or aft of the square of the hatch.

When lowering a draft into the hold, it should be stopped approximately 1 foot above its intended landing spot. To prevent unnecessary handling, lower the drafts as near as possible to the stowage area. After the draft has been stopped, the hold crew should then come from under the deck and guide the draft to the desired landing area. Slings or bridles are easily removed from drafts by four men working in pairs. The slings or bridles should be steadied before being hoisted out of the hold because, if they are permitted to swing wildly during hoisting, they may become entangled in hull fittings or cargo and cause damage to the equipment or cargo or injury to personnel.

You can safely handle small cases on a horizontal conveyor described earlier. For some cargo, you may even substitute finished lumber or waxed dunnage for conveyors. If working space permits, pallet trucks, pallet jacks, hand trucks, or dollies may be used to move cargo to the storage location.

Figure 7-13.—Manual lifting.

SUPERVISORY RESPONSIBILITY

If you are in charge of a working party or cargo handling crew, their safety and proper cargo handling are your responsibility. To prevent injuries to men and damage to cargo and ship, all safety precautions must be observed and enforced. Danger is ever present during the handling of any cargo aboard ship.

Through minor accidents or improper handling, cargo handling equipment or the cargo itself may become potentially dangerous or unusable without showing visible evidence of damage. If in doubt concerning damage to cargo or safety of equipment, report it to your immediate superior or the cargo officer.

Inspection and maintenance of the pier or wharf is primarily the responsibility of the shore station. However, such defects as bad flooring should be reported. In some cases, temporary repairs must be made cargo operations safe.

Men may try to use faulty or incorrect cargo handling equipment and injure themselves or others. Many accidents are also caused by pure carelessness. The human factor is ever present in accidents, but it can be partially overcome by:

- Thorough training in the use of cargo handling equipment.
- Instruction in safety—
  - —Safety precautions to observe
  - —Penalties for violations of prescribed safety measures
- Alert supervision

The following is a guide you may use in discharging your responsibility as a supervisor.

- Tell and demonstrate how to work safely.
- Never permit personnel to stand or work under suspending slingloads.

- Tell and demonstrate how to grip slings and bridles.
- See that men stand out of the bight, and clear of the throw of the block and hook when using a bull line to move cargo.
- Show men how to break down or build piles or slingloads and safely break out and stow cargo.
- Show your men how to lift properly.
- See that your men do not enter dark places (holds, decks, or compartments) without a light.
- Discourage the wearing of rings, gauntlet type gloves, and trousers with legs so long that they are a tripping hazard.
- Ensure that your men wear safety shoes and helmets while handling cargo.
- Do not permit the use of ladders in the square of the hatch when the hoist is moving.
- Know what to do in case of injuries.
- Know the location of fire axes, hose, and other firefighting equipment.
- Know how to remove men quickly from the hold should a fire develop or they require medical attention.
- Observe your men and ensure that they work in a safe manner.

Do not block passageways or openings (doors, hatches, etc.) with cargo, hatch beams, or other material, without permission from the responsible head of department. If a passage must be blocked off, do it in a manner which will enable personnel to regain quick access.

The need for speed in emergency situations or during underway replenishment may outweigh the value of some safety precautions that would ordinarily be taken. However, do not suspend a safety practice unless the degree of urgency warrants it. In all decisions affecting safety, during usual or unusual conditions, there is no substitute for good judgment and experience.

Safe Cargo
Handling Practices

The following list of safety precautions should be observed by all cargo handlers.

- Wear safety shoes and helmets.
- Do not wear rings.
- Use the acccmmodation ladder or brow for boarding or leaving the ship.
- Use the ladders in the square of the hatch only when hoist is not in motion.
- Use the walkway on ship's side away from the side on which cargo is being worked.
- Secure all lashings to permanent deck fastenings. Never depend on movable objects lying on deck (dunnage, hatch covers, etc.).
- Secure hatch rollers properly.
- Lower blocks, crowbars, slings, bridles, and other objects into the hold by cargo falls or other lines. Do not drop or throw.
- Stack hatch covers in an orderly manner. Disorderly piles create tripping and stumbling hazards.
- Lay strongbacks flat to prevent tipping over.
- When removing or replacing strongbacks, keep them between you and the open hatch.
- Stand in the clear away from suspended loads.
- When steadying loads, always face them and keep your feet in the clear.
- Stand clear of slings being pulled from under loads.
- Stand clear when strongbacks and hatch covers are handled on the deck above.
- Be particularly careful when handling objects with sharp or rough edges.
- Never walk backwards.
- Step down from elevations—do not jump.
- Report all defects in tools, materials, and equipment.
- Report all injuries, however slight, and get immediate first aid or medical attention.
- Do not smoke in holds or storerooms.
- Learn the location of fire alarm boxes and firefighting equipment.
- Do not engage in horseplay, practical jokes, or arguments while working cargo.

CHAPTER 8

EXPENDITURES

Expenditure is any act which results in a decrease or shift in Navy assets (material or funds). In this chapter we are concerned with the material held in the bulk storeroom or retail activity, its movement, and the expenditure of funds. Basically expenditures are accomplished in four ways: (1) survey, (2) issue, (3) sale, and (4) transfer. Study the following definitions for a thorough understanding of each.

ISSUE—Expenditure of material to other appropriations or to service activities.

SURVEY—A procedure used to expend material from stock records and accounts when it is deteriorated, damaged, lost, missing, or otherwise unavailable for its intended use.

SALE—An action in which material is exchanged for cash.

TRANSFER—An action which shifts custody and accountability for material from one accountable officer to another accountable officer or activity.

EXPENDITURE FILES AND LOG

In the expenditure of ship's store stock, you must maintain certain files and an expenditure log. These and the purposes they serve are discussed below.

FILES

Expenditures files are maintained to provide a record of all expenditure documents prepared during the accounting period.

Transfers to OSO

The Transfer to Other Supply Officer file contains copies of invoices which are used to transfer ship's store stock to another supply officer.

Expenditures to Use

The Expenditure to Use file contains copies of all invoices prepared which create a charge to an appropriation other than the Navy Stock Account (NSA).

Expenditure Invoice

The Expenditure Invoice file contains a copy of each document to which an expenditure invoice serial number has been assigned. This file is maintained on a fiscal year basis.

Survey to NSF

The Survey file contains copies of survey documents chargeable to the Navy Stock Fund (NSF).

Cash Sales

The Cash Sales file contains copies of documents used to support cash sales of bulk stock, and includes documents to support costs of operation, surveys to Ship's Store Profits, Navy, and markdowns below cost.

Clothing Receipt Record

The Clothing Receipt Record is maintained in the clothing store or clothing storeroom and provides the custodian with a receipt for clothing items issued. The format is optional, and a cash receipt book, NAVSUP 470, may be used.

Expenditure Invoice Log

The Expenditure Invoice Log is used to maintain a record of all expenditure invoice serial numbers used for transfer invoices, cash sale invoices, surveys, et cetera. It requires the following headings:

Date	Serial No.	Description	Amount	Date Completed

SURVEYS

A survey is the procedure required by Navy Regulations when naval property must be:

1. Condemned as a result of damage, obsolescence, or deterioration.
2. Appraised as a result of loss of utility.
3. Acknowledged as nonexistent as a result of loss or theft, necessitating the expenditure of the accountable material from the records of the holding activity.

The completed survey report provides a record of:

1. The administrative review of the condition of material, the cause of the condition, the responsibility therefor, and the recommendation for disposition.
2. The authorization to expend the material from the records on which carried.
3. The authorization to decrease the monetary value of material in store.

TYPES OF SURVEYS

There are two types of surveys: formal and informal. The type to use for a specific survey action is determined by the material involved and the circumstances that made the survey necessary.

Formal Survey

A formal survey is made by a commissioned officer or a board of three officers (one of whom must be a commissioned officer). The commanding officer appoints the officer or board. The following officers may not serve as survey officer or on the survey board:

1. Commanding officer
2. The officer on whose records the material being surveyed is carried
3. The officer charged with the custody of the material being surveyed.

A formal survey is required for certain types of material so designated by the bureau, command, or office concerned and is covered by specific instructions in NAVSUP Manual. Formal survey is also required at all times when it appears that the responsibility for loss or damage may be placed on a person or persons in the naval service. When the type of survey is not specified in instructions from higher authority, the commanding officer determines whether a formal or informal survey is required.

Informal Survey

Informal surveys usually are made by the head of the department having custody of the material to be surveyed. The informal survey is used when survey action must be taken, but formal survey is not required.

SURVEY PROCEDURE

Generally, the survey procedure is composed of the following steps:

1. Request for survey.
2. Action by the commanding officer on the survey request.
3. Report of survey by surveying officer or board.
4. Action by reviewing authority.
5. Expenditure and disposal action.

Initial Request

Any person in the naval service, who is aware of a material condition that requires a survey, may initiate a request for survey, but requests are normally initiated within the department having custody of the material. The initial survey request is made in rough on a Survey Request, Report and Expenditure (NAVSUP 154).

Included in the initial survey request must be a statement by the originator relative to:

1. Location of material and name of person or persons to be contacted by surveying board or officer.
2. Description (including nomenclature, FSN, serial, etc.) and condition of material.
3. Cause of loss, damage, deterioration, or obsolescence of material.
4. Responsibility for cause or condition, or a statement that responsibility cannot be determined.
5. Recommended disposition of material and action to be taken in regard to cause and responsibility.

Action by the Commanding Officer

The commanding officer reviews the initial request, determines the type of survey to be conducted (formal or informal), appoints the surveying officer or survey board, signs the request, and returns it to the person or office designated to prepare smooth survey requests (normally the supply office).

Report of Survey

The surveying officer or survey board makes a thorough investigation of the material or the circumstances under which material is missing to determine condition at the time of survey and fixes the cause and responsibility for that condition. If the responsibility cannot be determined or is not applicable (as in the case of material worn our through normal use), this fact is indicated.

The findings and recommendations of the surveying officer or survey board are entered on a copy of the smooth request and returned to the supply office. The "Survey Report and Recommendation" section of the smooth survey request is completed, signed by the surveying officer or survey board, and submitted to the commanding officer for review.

Action by Reviewing Authority

The completed survey request and report is reviewed by the commanding officer or officer ordering the survey, if the survey was ordered by higher authority, and his approval or disapproval is indicated. He signs and dates the survey and returns it to the supply office. In the event the reviewing officer does not approve the findings or recommendations of the surveying officer or board, another survey is held, which is, in all cases, a formal survey. If he does not concur in the findings of the second survey, it is referred to higher authority for decision.

Expenditure and Disposal Action

Upon receipt of the approved smooth survey, the supply officer assigns an expenditure number--from regular series of numbers for expenditure invoices--and completes and signs the expenditure portion of the survey. If the material is to be expended from a stores account, the appropriation and functional account to which the expenditure is to be charged are entered in the appropriate spaces. If the material is not to be expended from a stores account, the statement "Not held in stores account" is entered in lieu of the appropriation and functional account. This form then becomes an expenditure voucher, and the signed original, or a signed copy when the original is required elsewhere, is placed in the expenditure invoice file.

SURVEY OF SHIP'S STORE STOCK

The survey of ship's store and clothing stock generally follows the procedures previously outlined, except a formal survey is required, and surveys may be accumulated. These procedures are discussed below.

WHEN REQUIRED

A formal survey is required in all cases for ship's store and clothing stock and must be prepared IMMEDIATELY under the following circumstances:

- Loss of stock by evident theft
- Loss of stock in shipment or damaged upon receipt, if such loss or damage amounts to $10 or more per line item
- Loss or shortage of stock by the receiving ship during underway replenishment
- Concealed loss or damage not detected at transshipping activity because of inspection by case count
- Loss of stock because of damage by water, fire, oil, or similar causes
- When the survey of stock is directed specifically by NRSO
- Other circumstances when immediate accomplishment of a survey is considered necessary or desirable

Most of the circumstances outlined above for the survey of ship's store stock are self explanatory. However, there are additional procedures and guidelines that must be followed under certain circumstances. These are discussed below.

Underway Replenishment

During underway replenishment, deliveries are considered complete when the stores have

cleared the side of the issuing ship. However, if during underway replenishment stores are lost into the sea or shortages are found to exist, the accountable officer of the receiving ship must take the following action:

- Post the invoice value and quantity to applicable records.
- Prepare a formal survey explaining the loss or shortage.
- Forward the original and one copy of the approved survey to the issuing ship requesting a credit for the loss or shortage. Upon receipt of the credit invoice, adjust office records as described in chapter 6 ("dummy invoice").

Concealed Losses

Concealed losses are losses when there are no visible signs that the shipping container was opened prior to receipt, the merchandise is short or damaged, and such loss or damage was not detected by a transshipping activity because the inspection was by case count only. Losses amounting to $25 or more are properly chargeable to Ship's Store Profits, Navy, General Fund (SSPN). However, prior to processing a survey to cover concealed losses, the responsible vendor must be furnished with all of the facts pertaining to the loss or damage. Included in the facts furnished to the vendor must be a request to make replacement or reimbursement. If replacement is made, the survey is cancelled. If reimbursement (funds refunded) is received, the survey is processed and charged to the local profits of the ship's store, and the amount of reimbursement is reported as a contribution to ship's store profits. If the vendor does not make replacement or reimburse the ship, the survey is forwarded to NRSO with copies of pertinent correspondence with the vendor. The material listed on the survey is not expended from the records, but is carried (money value) as part of the inventory until the approved survey is returned by NRSO. Concealed losses amounting to less than $25 are surveyed as a charge to the local profits of the individual ship's store.

SURVEY LOG

Under circumstances other than those that require an immediate survey, a survey request need not be prepared at the time of survey. The accountable officer may elect to use a Survey Log, NAVSUP Form 976 to accumulate surveys. The procedures below are followed:

- For items requiring survey, the accountable officer requests an immediate inspection by the surveying officer or board.
- The surveying officer or board signs each entry after inspecting material.

On the basis of the entries in the Survey Log, one NAVSUP 154 is prepared at the end of each month and must include all items individually surveyed. The first entry in the 976 is made after inspection of the material. The final entry is made after the assignment of an expenditure number to the approved 154 at the end of the month. Figure 8-1 is an example of the entries required on the Survey Log.

ACCOUNTING FOR SURVEYS

Local approved surveys are usually expended as a charge to the profits of the individual ship's store except as indicated below, and no further approval is required. Figure 8-2 shows a survey for ship's store stock that is charged against profits.

Surveys Chargeable to NSF

Approved surveys are chargeable to the Navy Stock Fund when the survey covers:

- Material lost or damaged in shipment
- Material lost or damaged by fire, water, oil or similar causes
- Special accounting class 224 bulk stock for fleet issue
- Material received in a damaged condition and revalued for sale in the ship's store
- Clothing items

The approval of the Navy Resale System Office is not required for ship's store stock surveyed under the above conditions, AND chargeable to the NSF.

Surveys, Chargeable to SSPN, General Fund

There are two instances when a survey might properly be chargeable to SSPN, general fund: (1) concealed losses of $25 or more (already

NAVSUP FORM 976

SURVEY LOG

MONTH OF January, 19 7—

DATE	ITEM NAME	UNIT	QUANTITY	UNIT COST PRICE	TOTAL COST VALUE	UNIT RETAIL VALUE	TOTAL RETAIL VALUE	DEPT.	LOCATION WITHIN STORE	SOURCE OF SUPPLY	REASON FOR SURVEY	SIGNATURE OF SURVEYING OFFICER	SURVEY NO.
1-4	Polish, black, Dynaflow	EA	118	.10	11.90	.12	14.28		Retail	S-K Sales	Dried out	B R Pace	7634
1-4	Polish, black, Kiwi	EA	8	.15	1.20	.17	1.36		Retail	S-K Sales	Dried out	B R Pace	7634
1-11	Pen, ballpoint, Stypto	EA	2	.70	1.40	.80	1.60		Retail	S-K Sales	Ink Dried up	B R Pace	7634

NAVSUP 154 PREPARED AT END OF EACH MONTH TO INCLUDE ITEMS LISTED ON SURVEY LOG

79.11

Figure 8-1.—Survey Log, NAVSUP 976.

SURVEY REQUEST, REPORT AND EXPENDITURE
BUS. S. AND A. FORM 154 (REV. 8-50)

DATE: 1-31-7-
NUMBER: R03606-0031-9739

ACTIVITY: R03606 USS FARGO (CL-106)
ORGANIZATION: J. R. BOOTH, LCDR, SC, USN SUPPLY OFFICER

REQUEST FOR SURVEY

ITEM	STOCK NO. AND DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL VALUE
1	POLISH, Black, shoe, Dyanshine	119	.10	11.90
2	POLISH, Brown, shoe, Kivi	8	.15	1.20
3	PEN, ball point, Scripto	2	.70	1.40
	RETAIL EXTENSION - Store No. 1			14.50
1	119 @ .12 — 14.28			
2	8 @ .17 — 1.36			
3	2 @ .80 — 1.60			
	TOTAL 17.24			

POSTED AS AN EXPENDITURE TO THE NAVSUP 235 WHEN MERCHANDISE IS LOCATED IN A RETAIL STORE.

POSTED TO THE JOURNAL OF EXPENDITURES, NAVSUP 978

REASON FOR SURVEY: Unfit for sale
ACCOUNT IN WHICH CARRIED (AFA, NFA, etc. or nonstores):
OTHER DATA (Source, date of receipt, etc.):

ACTION BY COMMANDING OFFICER OR DELEGATE

TYPE OF SURVEY: [X] FORMAL [ ] INFORMAL
SURVEY TO BE MADE BY: 1. B. R. PAGE, LT, USN; 2.; 3.
SIGNATURE (C. O. or delegate): B. M. SCOTT, CAPTAIN, USN
DATE: 1-31-7-

SURVEY REPORT AND RECOMMENDATION

Item
1-3 Condition: Unfit for sale.

Cause: Long storage, dried out.

Responsibility: Nonculpable.

RECOMMENDATION: [X] DISP. FROM RECORDS [ ] TRANSFER TO S-570 [ ] TRANSFER TO MAT'L CONTR. CODE ($) [X] Throw overboard.

ITEM(S) SURVEYED IN ACCORDANCE WITH NAVY REGULATIONS BY: (Signature(s))
(1) B. R. PAGE, LT, USN (2) (3)

REVIEW OF SURVEY REPORT

[X] APPROVED [ ] DISAPPROVED
SIGNATURE (C. O. or delegate): B. M. SCOTT, CAPTAIN, USN
DATE: 1-31-7
FORWARD TO (Bureau): BA

ACCOUNTING DATA — **BUREAU APPROVAL**

APPROPRIATION: 17X8723
EXPEND. ACCOUNT: 99207

DISPOSE OF AS INDICATED
SIGNATURE (Head and title): J. R. BOOTH, LCDR, SC, USN, SUPPLY OFFICER
DATE: 1-31-7-

0 P C 921-539

7.6

Figure 8-2.—Survey to profits, NAVSUP Form 154.

described); (2) when the profits of the individual ship's store are considered to be inadequate to absorb the cost of material requiring survey during the current accounting period.

Under these circumstances surveys are drafted as a charge to 17X8723, (SSPN), and to functional account 99207. After action has been completed by the surveying officer or board and the commanding officer, the original and four copies of the NAVSUP 154 are forwarded to NRSO for approval of the funds to be charged. In the meantime the items involved are carried as part of the inventory, and are not expended from the stock records. If the survey is approved by NRSO, the total money value of the survey as approved is reported in the returns in accordance with procedures outlined in NAVSUP P-487. If the survey is not approved by NRSO, the material is surveyed and charged to the local ship's store profits.

POSTING TO STOCK RECORDS

The total quantity and value of the approved survey must be posted to applicable office records. These are discussed below.

Journal of Expenditures

The Journal of Expenditures (NAVSUP Form 978), is maintained to provide a record for the accumulation of expenditures of ship's store and clothing items, at cost, standard, or markdown prices. After extension, and after an expenditure number has been assigned to the approved survey, the total cost value is posted to the 978. See fig. 8-3.

If the material being surveyed is in the retail store, or if the storeroom and retail store are operated by the same person, all surveys must show the retail extension on the NAVSUP 154 except for cost items, and this amount must be posted to the NAVSUP 235.

STOCK RECORDS

The total quantity of the approved survey is posted to the Stock Record (NAVSUP 464). Location of the material being surveyed determines the effect on the various columns of the 464. If the material is located in the bulk storeroom, entries are made in the "balance in bulkroom or warehouse," and the "total balance" columns. If the material is located in a retail outlet, then only the "total balance" column is posted. Posting the value and quantity of approved surveys to applicable stock control records relieves each custodian of accountability.

DISPOSITION OF SURVEYED ITEMS

It is the responsibility of the surveying officer, board, or head of department to investigate current bureaus, commands, offices, and local command directives to ensure compliance with

JOURNAL OF EXPENDITURES
NAV. S. AND A. FORM 978 (REV. 2-61)

PERIOD (QUARTER ENDING) 28 February 1970

DATE 196-	INVOICE NO.	EXPENDED TO	SHIP'S STORE				CLOTHING			
			TO OTHER S.O.'S		OTHER EXPENDITURES		TO OTHER S.O.'S		OTHER EXPENDITURES	
11-8	8312-7614	Survey			14	50				
11-24	8328-7708	Trans. to E.G. Small (ODR838)	80	00						
1-4	4	Markdown # 4			3	06				
1-15	0015-7764	Trans. To D.D. 846					64	00		
		TOTALS								

43.20

Figure 8-3.—Journal of Expenditures, NAVSUP Form 978.

such requirements as to disposition, replacement, or continuance in service as may be in force. On the NAVSUP 154 recommendations for the disposition of an item are indicated by inserting an "X" in the blocks provided. The preprinted blocks on the NAVSUP 154 provide for certain recommendations. However, there are some additional commonly used recommendations. These and their meaning are explained below.

- REPAIR—Recommended when it is economically practical to repair an item.

- SALVAGE USABLE PARTS—Recommended when the entire item being surveyed is beyond economical repair afloat or ashore but it contains usuable or repairable parts.

- TURN IN TO STORE ASHORE—Recommended when an item being surveyed cannot be repaired economically by forces afloat, when the salvage of usable parts is not practical or economical, when required by current directives, or when the material may have further value to the Naval Establishment as salvage or scrap or for sale.

- BURN—Recommended for United States ensigns, union jacks, commission and church pennants, and foreign flags when worn or damaged beyond economical repair. This recommendation must not be made for clothing items unless the survey report contains a statement from a medical officer that the clothing items are a menace to health and must be destroyed immediately.

- OVERBOARD—Recommended for material the retention of which might be detrimental to the safety or health of the command or for material of no scrap or salvage value when such disposition is not contrary to specific bureau, command, office, or local directives.

- IMMEDIATE DISPOSITION—Recommendations for immediate disposition of material because of its unsanitary or dangerous condition must prescribe the specific method of destruction. Material, such as totally unserviceable powder and chemicals, decayed provisions, the retention of which would be prejudicial to the safety and health of the command must be destroyed in accordance with existing instructions issued by competent authority or as prudence may demand.

Disposition of Ship's Store and Clothing Stock

Items on most surveys of ship's store and clothing stocks must be disposed of by one of the methods previously discussed. However, a survey may be used to revalue material received in a damaged condition, damaged after receipt by fire or water, or clothing items that have become shopworn to the extent that they are not salable at full price. These surveys are charged to the Navy Stock Fund. Clothing items are revalued at 25 percent of the standard price rounded up to the next highest $.05. The quantity of items being revalued is expended from the stock records, and new stock records are prepared at the revalued price. The value of the survey is posted to the Journal of Expenditures, and, if the items are in a retail store, to the NAVSUP 235.

Disposition by Scrap.—Clothing items which do not meet the conditions prescribed for appraisal at reduced prices and which are in a sanitary condition may be expended from the records as a loss by survey. The recommendation for such items may be to "scrap" and such items may be used aboard ship for wiping cloths or for such use as considered appropriate, or the items may be turned in to store ashore accompanied with three copies of the survey for appropriate disposal action.

ISSUES

As stated in the beginning of this chapter, issue is the procedure for expending ship's store and clothing stock to other appropriations or to service activities.

Ship's store stock and clothing items may be issued to and for the purposes described below:

- For health and comfort
- To survivors of marine and aircraft disaster
- To merchant ships in distress
- For burial of the dead
- To Marine Corps personnel
- To the general mess
- For ship's use
- To first enlistment personnel

All authorized issues of ship's store stock are made at the cost price, except health and comfort

items, which are issued at the prescribed retail price, and clothing items, which are issued at the standard price.

HEALTH AND COMFORT ISSUES

The purpose of issuing health and comfort items is to provide toilet goods, tobacco, clothing items, and other necessities required for the health and well being of personnel without sufficient funds to purchase them. The procedures to be followed, the funds charged, and personnel authorized to be issued health and comfort items are determined by whether their status is PAY or NONPAY.

Nonpay Status

A member in a nonpay status is one who is not being credited with any pay or allowances. Such members include personnel of the Army, Navy including the Marine Corps, Air Force, Coast Guard, and their respective reserve components. There is no monetary limitation on the value of clothing items that may be issued, but issues of other items are limited to $10 per month at retail for any one member, and this amount is not cumulative.

Accounting for Issues.—The commanding officer or his delegated representative must in every instance indicate approval of all issues for health and comfort items on Request and Receipts for Health and Comfort Supplies (DD Form 504), or for clothing issues on Requisition Receipt (NAVSUP Form 28). Health and comfort items issued to personnel in a nonpay status are charged to the operating budget of the activity making the issue, and are posted to applicable stock control records.

Pay Status

Issue of health and comfort items to members in a pay status is made in accordance with the procedures outlined for members in a nonpay status except all issues other than outer clothing are charged on the pay record of each individual. At confinement activities where distinctive uniform clothing, or equipment, including the working uniform is prescribed, it is provided at Government expense and it is not charged on the pay record. Such items are charged to the operating budget of the activity.

ISSUES TO SURVIVORS OF MARINE AND AIRCRAFT DISASTERS

Ship's store and clothing items may be sold for cash to survivors of marine and aircraft disasters if they have personal funds in their possession. If the survivor is without personal funds in his possession, upon written orders of the commanding officer, items required for health and comfort may be issued or donated by personnel of the rescuing ship. The sale or donation of clothing items to survivors who are non-naval personnel is restricted to nondistinctive items. All issues or donations are receipted for by each survivor on a Requisition Receipt, NAVSUP Form 28, and are accounted for in accordance with the procedure outlined in NAVSUP P-487.

ISSUES TO MERCHANT SHIPS IN DISTRESS

When authorized by the senior officer present, and upon written orders from the commanding officer, merchant ships in distress may be issued items of ship's store stock including clothing. Each order must set forth the pertinent circumstances, and when practicable cash must be collected at the time of issue. When it is impossible to collect cash at the time of issue, the procedures prescribed in NAVSUP P-487 are followed in effecting collection. Clothing items are charged at the standard price, and the retail price is charged for all others. Expenditures are reported as cash sales.

ISSUES FOR BURIAL OF THE DEAD

Articles of clothing for burial of the dead may be issued on request of the commanding officer or medical officer. Such issues are expended directly from the NSA as a charge to the appropriate allotment under the appropriation, Operation and Maintenance, Navy, and appropriate Bureau of Medicine and Surgery subhead.

ISSUES TO MARINE CORPS PERSONNEL

Clothing items which are required by Marine Corps personnel may be issued upon receipt of a written request from the commanding officer of the detachment. Issues are made on a DD

Form 1149. The original and three copies of the 1149 are forwarded to the commanding officer of the detachment, who signs the original and one copy and returns them to the accountable officer. Normally the accounting date for such issues are supplied by the detachment, or it may be obtained from NAVSUP P-487.

ISSUES TO THE GENERAL MESS

Individual size serving items of food, when required for special meals may be issued to the general mess upon request. Such items are issued on a DD Form 1149 as a charge to the appropriation that supports the general mess.

ISSUES FOR SHIP USE

Ship's store and clothing items may be issued for ship use as described below.

Clothing Items

Items of clothing for use by naval military personnel may be issued for ship use upon the determination of the commanding officer that the assigned duties of such personnel warrant such issues. The authorization for such issues may be included in the ship organization manual, and issues are normally restricted to personnel whose work is of a nature unusually destructive to clothing, such as cleaning fuel oil tanks, replacing and sealing soft patches on submarines, handling explosives, or work of a comparable nature. Issues are made on a DD Form 1149, and are charged to the operating budget of the ship. See figure 8-4.

Ship's Store Items

When suitable items are not available in general stores, items of ship's store stock normally carried as general stores such as buckets, flashlights, and soap may be issued on a DD Form 1149 for the immediate use of the ship for maintenance purposes.

ISSUES ON FIRST ENLISTMENT

Upon enlistment enlisted personnel are entitled to a full sea bag. Normally this bag is furnished to personnel at naval training centers, and issues are made on a NAVSUP Form 28 approved by the division officer or company commander. However, personnel reporting aboard ship who have not drawn a full bag may be issued sufficient clothing to complete their bag. Such issues are made on a NAVSUP Form 28, or DD Form 504 and must bear the approval of the disbursing officer carrying the pay record of the individual concerned. Detailed procedures for making issued on first enlistment are contained in NAVSUP P-487.

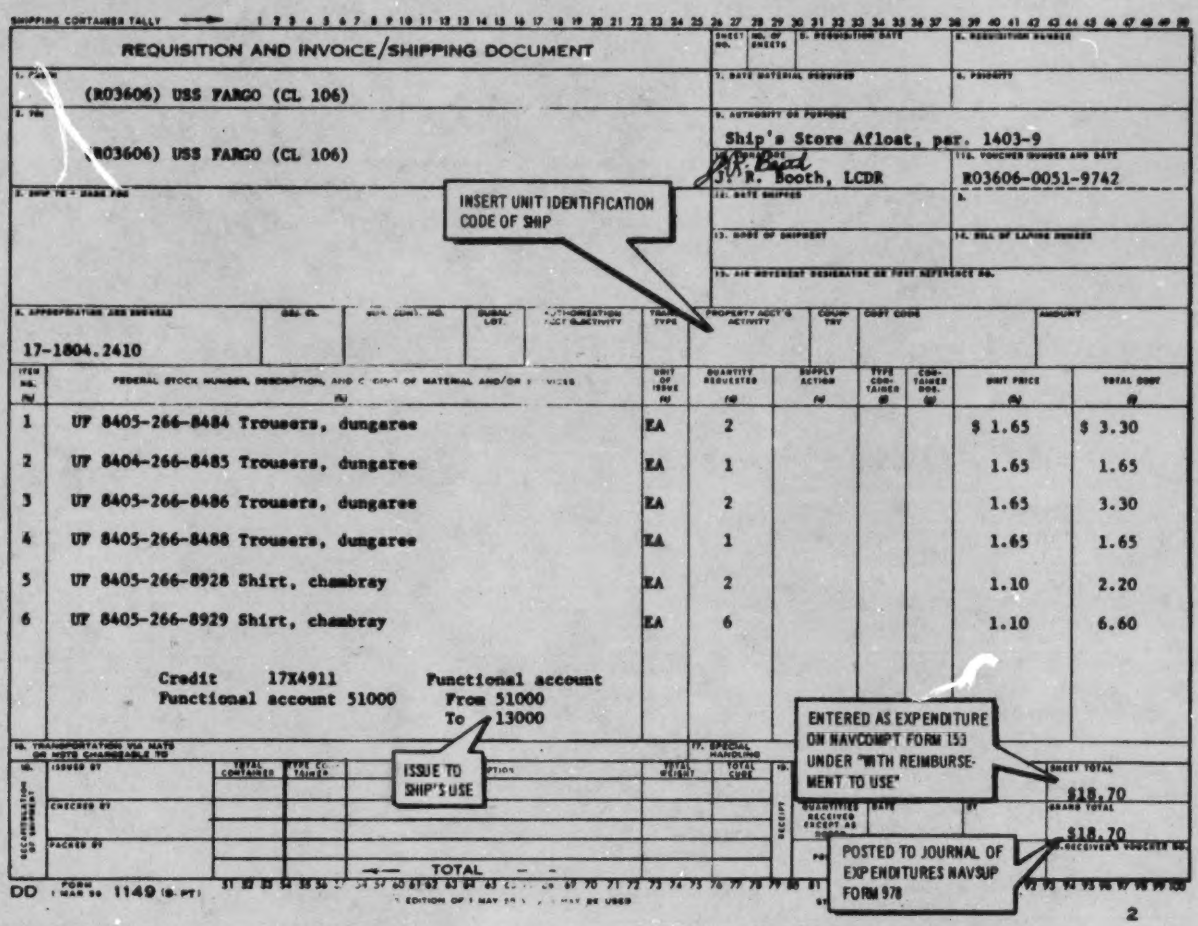
ISSUES FOR USE IN SERVICE ACTIVITIES

Minor equipment and operating supplies for use in service activities such as the laundry, fountain, barber shop, and vending machines may be issued from the bulk storeroom. Such material is usually thought of as "cost items" and include those items which are carried for ultimate expenditure as "cost of operation," materials for modernization and improvements of ship's stores, and items requiring further processing or manufacturing prior to sale. "Cost of operation" items are consumed directly in the performance of a service to patrons and include all items used by service activities, such as the laundry, barber, cobbler, photographic, tailor shops, and repair parts used for vending machines and fountains. Items requiring further processing or manufacturing include fountain ingredients, soft drink syrup, straws, spoons, and paper cups.

The movement of "cost of operation" items to service activities is considered as "issue to use," and is documented on the Intra-Store Transfer Data, NAVSUP Form 973, (Preparation covered later). Items are expended from the stock records (464) at the time they are issued by stores operating under separate accountability. Under the combined accountability procedure a NAVSUP 973 is not required when material is transferred from the storeroom to a retail outlet. However, at the end of the accounting period, a NAVSUP 973 is prepared from data on the stock record to cover all issues to the service activity since all costs to operate the service activities must be reported separately on the returns.

DD Form 1149

In addition to posting the quantity on the 973 to the stock records, at the end of the accounting



REQUISITION AND INVOICE/SHIPPING DOCUMENT

(R03606) USS FARGO (CL 106)

(R03606) USS FARGO (CL 106)

Ship's Store Afloat, par. 1403-9

J. R. Booth, LCDR

R03606-0051-9742

INSERT UNIT IDENTIFICATION CODE OF SHIP

17-1804.2410

ITEM NO.	FEDERAL STOCK NUMBER, DESCRIPTION, AND CONDITION OF MATERIAL AND/OR SERVICES	UNIT OF ISSUE	QUANTITY REQUESTED	UNIT PRICE	TOTAL COST
1	UF 8405-266-8484 Trousers, dungaree	EA	2	$ 1.65	$ 3.30
2	UF 8404-266-8485 Trousers, dungaree	EA	1	1.65	1.65
3	UF 8405-266-8486 Trousers, dungaree	EA	2	1.65	3.30
4	UF 8405-266-8488 Trousers, dungaree	EA	1	1.65	1.65
5	UF 8405-266-8928 Shirt, chambray	EA	2	1.10	2.20
6	UF 8405-266-8929 Shirt, chambray	EA	6	1.10	6.60

Credit 17X4911
Functional account 51000

Functional account
From 51000
To 13000

ISSUE TO SHIP'S USE

ENTERED AS EXPENDITURE ON NAVCOMPT FORM 153 UNDER "WITH REIMBURSEMENT TO USE"

POSTED TO JOURNAL OF EXPENDITURES NAVSUP FORM 978

SHEET TOTAL $18.70

GRAND TOTAL $18.70

TOTAL

DD FORM 1149 (8-67)

2

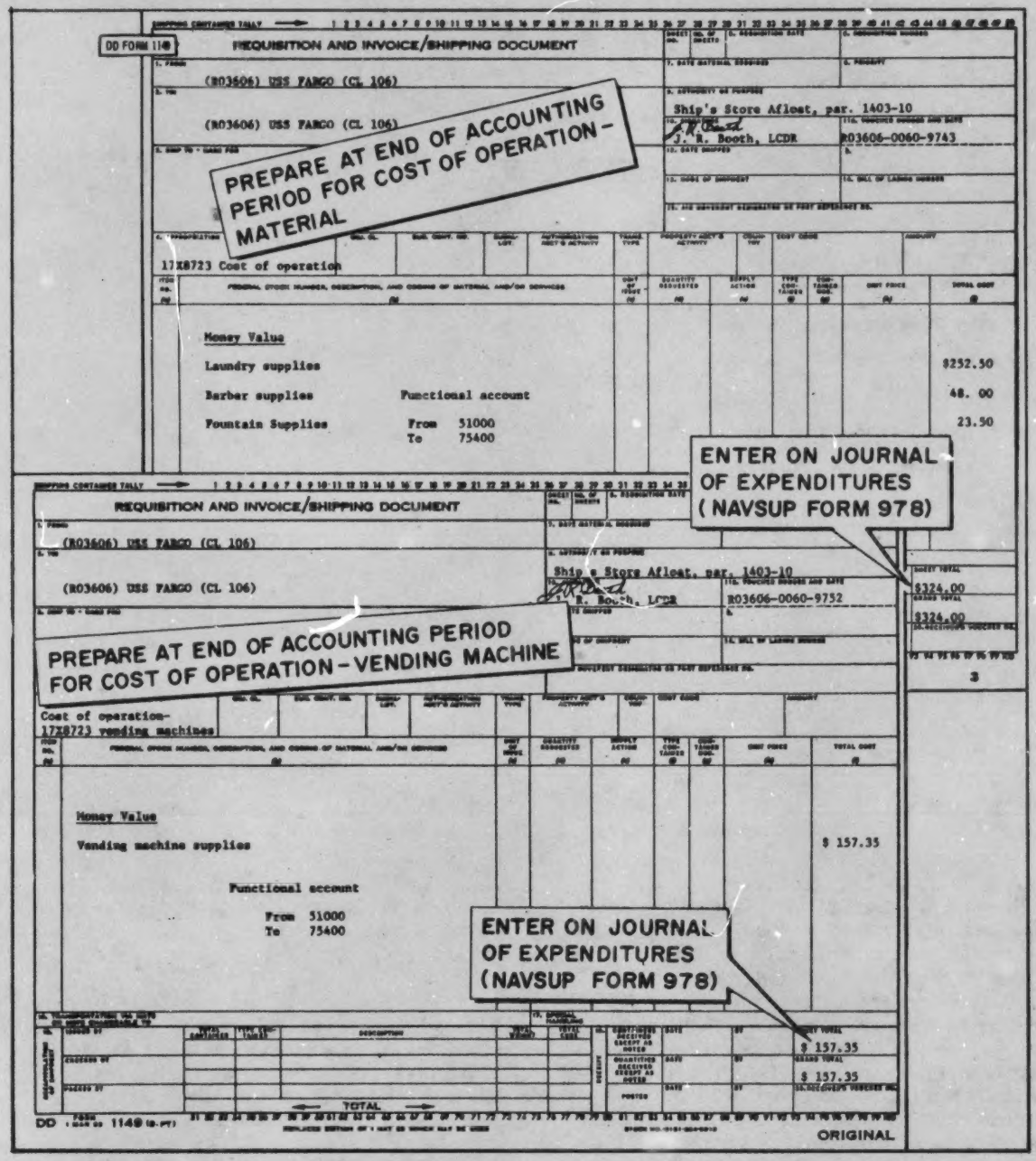
43.3

Figure 8-4.—Issue to ship's use invoice.

period a DD Form 1149 must be prepared to recap the money value of all "issues for use." Under ideal circumstances the total value of the 973s should equal the total value of items issued for "cost of operation" as listed on the 235. However, to cover those instances when cost items might be broken out without a 973 being prepared or the 973 being lost, the 1149 is prepared from the data on the 464 after the inventory has been posted and verified. All issues for the accounting period except issues for use in vending machines must be recapitulated by money value only by service activities as a charge to "cost of operation." Issues for use in drink vending machines must be recapitulated by money value on a separate 1149 as a charge to cost of vending machine operation (see figure 8-5). The total money value of each 1149 must be posted to the Journal of Expenditures (NAVSUP Form 978).

SALE

The selling of retail items represents the ultimate in the expenditure of ship's store and clothing stock. However, prior to the "sale" of an item in the retail store, ship's store and clothing items must be broken out of the bulk storeroom. This procedure is called "breakouts/intrastore transfer," and is covered in the following section. The procedures for the actual selling of items in the retail store is covered in chapter 9.



43.3

Figure 8-5.—Cost of Operation Invoices.

BREAKOUTS/INTRASTORE TRANSFERS

Breakouts/intrastore transfers are the procedures used to transfer retail items from the bulk storeroom to the resale activity.

Retail items are those items which are carried for resale through the ship's store. Such items include soles, heels, gold braid, and clothing items which are sold at standard prices, and candy, cookies, and cigarettes which are sold through the vending machines. The internal movement of these items is commonly called "breakouts," and is documented on the Intra-Store Transfer Data (NAVSUP Form 973).

PREPARING THE NAVSUP 973

When material is required by a retail store operator of the petty officer in charge of a service activity, he prepares a list and takes it to the ship's store office. The records Ship's Serviceman then prepares the NAVSUP 973 in triplicate.

Figure 8-6 illustrates a completed form. The number is assigned from the Number Control, NAVSUP 980, which is used to provide a convenient control over breakouts/intra store transfers, price changes, and issue for use numbers. A new series of numbers is started each accounting period beginning with 1. As each number is assigned, it is entered in the proper column of the control and the entry is dated. The number "1" has been used for the first breakout in the illustration.

The retail store or service activity is identified in the first block as the activity to receive the material. The second block identifies the location that is transferring the material. The signature blocks contain the typed names of the:

- First block—receiving custodian
- Second block—transferring custodian
- Third block—accountable officer, or other person authorized to approve the breakout

The quantity, unit, and description are entered on the form. The stock number column is used only when clothing items are listed. Then the unit and the total value of the material are entered in the "Cost" or "Retail" column as appropriate.

Breakout #1 in the illustration is for a retail item, so the retail price has been used to compute the value. The statement "Last Entry" is shown on the line following the last item being transferred, and the column total and the reason for transfer are entered. Now you are ready to distribute the breakout. The original and triplicate are given to the storeroom custodian, and the duplicate to the ship's store operator. As the material is removed from the storeroom, the storeroom custodian enters the quantity delivered on both copies, and when the breakout is completed, the original is returned to the ship's store office. He retains the triplicate for his information. The ship's store operator checks in the material and enters the quantity delivered on the duplicate. When all material has been received, he brings his copy to the ship's store office and the delivered quantities, which are entered on the original and duplicate are compared. If there are no discrepancies, he signs the original and retains the duplicate for his file. Any discrepancy must be corrected at once.

Posting to Stock Control Records

Each custodian's accountability must be established, and all transactions affecting that accountability must be recorded. We have already discussed the stock record, NAVSUP 464, which is used to maintain a record of the storeroom custodian's accountability, and the Ship's Store Afloat Financial Control Record, NAVSUP 235, which is used to maintain a record of accountability for each retail operator. The 235 is also used to accumulate the value of cost items transferred to the service activities, vending machine, and fountain. Like the Journal of Receipts, it is maintained by money value. Since the breakout transfers accountability for material from one custodian to another, it must be posted to the Financial Control Record.

The form provides space for three retail stores, but we will use only two of them—the ship's store and the clothing store. The values of the inventory and the receipts are extended at retail price because it makes it easier to maintain accountability. The value of the beginning inventory, plus receipts, less expenditures (surveys or transfers), less the ending inventory, equals the value of material sold and should be the same as the amount of cash collected by the accountable officer. The operator is not required to balance out to the penny. Several honest mistakes may occur; charging the wrong price, making incorrect change, or an inventory error.

INTRA-STORE TRANSFER DATA
NAV. S. AND A. FORM 973 (A 0105-640-0100)

NOTE.—USE A SEPARATE FORM FOR EACH DEPARTMENT

No. 1

TRANSFER

TO (Store No.) | (Store Name) | (Dept.)
#1 SHIP'S STORE | RETAIL

FROM (Store No.) | (Store Name) | (Dept.)
BULK Ship's Store | RETAIL

(Signature) H. I. PRICE, SH3 (Date) 11/2/7-
(Signature) R. TROUT, SH2 (Date) 11/2/7-
(Signature) I. HESTON, SH2 (Date) 11/2/7-

QUANTITY	UNIT	STOCK NO.	DESCRIPTION	QTY. DEL'D	COST UNIT	COST TOTAL	RETAIL UNIT	RETAIL TOTAL
144	TN		NUTS, Mixed, Planters, 4 oz	144			.25	36 00
			LAST ENTRY					
					TOTAL		TOTAL	36 00

REASON FOR TRANSFER
BREAKOUT TO RETAIL STORE #1

STOCK CARD | PERPETUAL CONTROL RECORD | RANDOM CONTROL

43.2

Figure 8-6.—Intra-Store Transfer Data.

However, if they occur too often or represent too great a value, the accountable officer must investigate the cause and take corrective action.

The breakout is posted to the stock record and the Financial Control Record and the bottom of the form initialed to show that posting is complete. When posting cost items to the "Cost of Operation" column, the receiving activity should be indicated (laundry (L), barber shop (B), vending machine (V M), fountain (F), etc.) After posting is completed, the original NAVSUP 973 is retained in the Accountability file by the accountable officer. Figure 8-7 illustrates all the steps and forms discussed above.

Thus far, we have discussed situations in which the bulk storeroom custodian receives all materials and transfers them to a retail store or service activity by means of the NAVSUP 973. This is not always the case. Frequently, material does not go to the storeroom but is received directly into the store or service activity. Some examples are: a display case of rings or watch bands for which a backup stock is not carried; merchandise ordered on special order; a new syrup pump for the soda fountain; a new press cover for the laundry; or a new pair of clippers for the barbershop. When this material is received, the bulk storeroom custodian does not sign the receiving copy of the NAVSUP 48. The receiving SH obtains the signature of a responsible person in the store or activity receiving the material.

Regardless of who receives the material, all receipts are posted as though they had been received in the storeroom. The value is posted to the Journal of Receipts and the quantity is posted to the stock record, except that a stock record is not required for special order material. To eliminate the necessity of preparing a NAVSUP 973 to transfer the accountability, a breakout number is assigned from the Number Control to the receipt document, which is then posted to the same records as the breakout. For resale items, this will require that the price extension be completed in both the "Cost" and "Retail" columns.

TRANSFERS

Ship's store and clothing items may be transferred to other supply officers, the Marine Corps, other government departments, ships operated under the Maritime Administration, foreign governments, and foreign vessels of war.

TRANSFERS TO OTHER SUPPLY OFFICERS

Transfers of ship's store stock may be made to other supply officers upon receipt of approved requisitions provided sufficient stock is on board. Such transfers are made at the standard price (for clothing items) or cost price (for other items), and invoiced as transfers to other supply officers on a DD Form 1149. Invoices are distributed as follows:

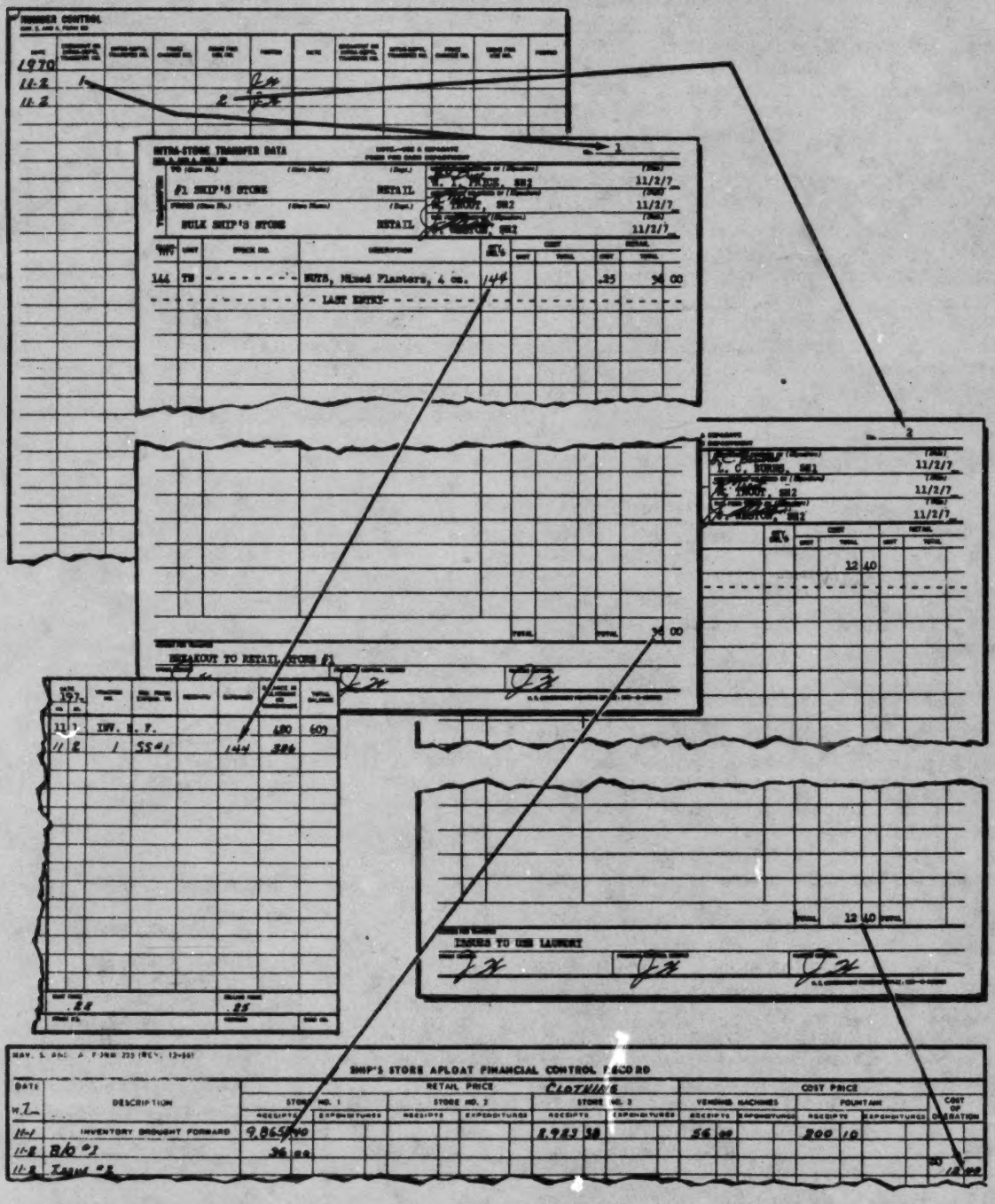
- The original and two copies to the receiving ship. The original must be signed and returned to the transferring ship, and is filed in the completed expenditure invoice file.
- One copy to the accountable officer for appropriate extensions and kept under lock by him or his designated officer assistant. This copy is filed with the retained returns upon submission of the original returns.
- One copy, showing date of issue and extended at cost, must be posted to all applicable records and filed in the transfer to OSO file.
- One copy forwarded with the Summary of Material Receipts/Expenditures (NAVCOMPT Form 176).

Figure 8-8 shows a DD Form 1149 that was prepared as a requisition and then used as a transfer invoice. All transfers are posted to the stock records, the Journal of Expenditures, and if the material is transferred from the retail store, the retail value must also be posted to the NAVSUP 235.

Summarizing Transfers to Other Supply Officers

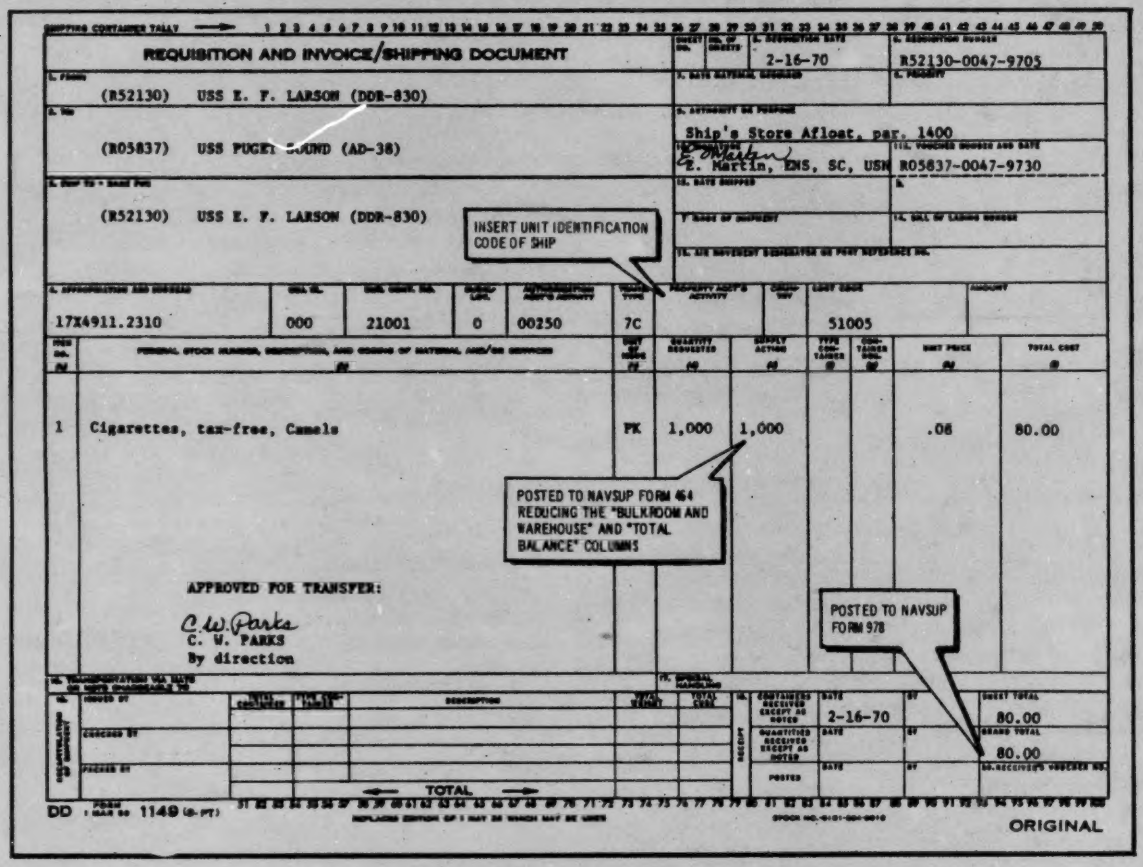
All transfers to other suppyl officers (OSO) must be reported (summarized) to NFC, Cleveland. The purpose of summarizing these transfers is to report the value of transfers to OSO so that NFC, Cleveland can make the necessary accounting adjustment. The Summary of Material Receipts/Expenditures, NAVCOMPT Form 176 is used and is prepared and distributed as follows:

- Expenditure invoices must be grouped according to the functional accounts and activity to which charged.
- Functional accounts such as 51000, in addition to the UIC, must designate the accountable activity to which the invoices are to be summarized by NFC.



43.2

Figure 8-7.—Posting the Intra-Store Transfer Data.



REQUISITION AND INVOICE/SHIPPING DOCUMENT

2-16-70

R52130-0047-9705

(R52130) USS E. F. LARSON (DDR-830)

Ship's Store Afloat, par. 1400

(R05837) USS PUGET SOUND (AD-38)

E. Martin, ENS, SC, USN R05837-0047-9730

(R52130) USS E. F. LARSON (DDR-830)

INSERT UNIT IDENTIFICATION CODE OF SHIP

APPROPRIATION AND SUBHEAD	SUB AL.	SUB HEAD NO.	SUBSID LIN.	ADMINISTRATION ACTY'S ACTIVITY	VOUCH TYPE	PROPERTY ACCT'S ACTIVITY	CREDIT DAY	LOAD CODE	AMOUNT
17X4911.2310	000	21001	0	00250	7C			51005	

ITEM NO. (A)	PERSONAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIAL AND/OR SERVICES (B)	UNIT OF ISSUE (C)	QUANTITY REQUESTED (D)	SUPPLY ACTION (E)	TYPE CONTAINER (F)	CONTAINER DOL. (G)	UNIT PRICE (H)	TOTAL COST (I)
1	Cigarettes, tax-free, Camels	PK	1,000	1,000			.08	80.00

POSTED TO NAVSUP FORM 464 REDUCING THE "BULKROOM AND WAREHOUSE" AND "TOTAL BALANCE" COLUMNS

APPROVED FOR TRANSFER:

C. W. Parks
C. W. PARKS
By direction

POSTED TO NAVSUP FORM 978

CONTAINERS RECEIVED EXCEPT AS NOTED	DATE	BY	SHEET TOTAL
	2-16-70		80.00
QUANTITIES RECEIVED EXCEPT AS NOTED	DATE	BY	GRAND TOTAL
			80.00
POSTED	DATE	BY	20. RECEIVING VOUCHER NO.

TOTAL

DD FORM 1149 (6-PT)

ORIGINAL

43.3

Figure 8-8.—Transfer to OSO.

- On the line "to" must be inserted "various supply officers."
- Appropriate entries must be made in the blocks captioned "from" and "month/quarter ending."
- The block captioned "transfers to other supply officers" must be checked, the name of the stores account, and the appropriate functional account must be inserted opposite the caption.
- Invoices comprising each group with an adding machine tape attached must be fastened securely on the left in such a manner as to not affect any pertinent information on the invoice.
- Invoice groups must be listed by functional account, activity UIC, and amount. For example:

1. NSA transfers to activities submitting NSA returns must be listed first.
2. Column (A) of the NAVCOMPT 176 is used for listing the functional account number.
3. Column (B) is used for listing the UIC number of the activity that is to report receipt of the material.

The total of the NAVCOMPT 176 submitted for the accounting period must agree with the amount reported for the accounting period on the Stores Balance Sheet (NAVCOMPT Form 153).

Copies and Distribution

An original and two copies of the 176 must be prepared. The original with a copy of each

invoice or requisition which is being summarized for the first, second, and third months of the accounting period must be forwarded to NFC by the fifteenth of each month to cover transfers made during the previous month. The original of each 176 prepared for the fourth month of the accounting period with a copy of each invoice summarized, and a copy of each 176 for the first, second, and third months of the accounting period must accompany the stores returns. Figure 8-9 illustrates all of the above steps.

TRANSFERS TO THE MARINE CORPS

Transfers to the Marine Corps are processed on a DD Form 1149, and are charged as follows:

- For transactions involving field allotments, the Marine Corps appropriation, bureau control number, and functional account.
- For transactions involving an operating budget accounted for by Headquarters U.S. Marine Corps, the headquarters commitment authorization number must be abbreviated as "HCA No. " and shown with other applicable accounting data. When more than one headquarters commitment authorization number is cited on the same voucher, the amount applicable to each number must be shown.

TRANSFERS TO OTHER GOVERNMENT DEPARTMENTS

Every effort must be made to sell rather than transfer ship's store stock to other Government departments, including the Army, Air Force, and to ships controlled by and operated under the Maritime Administration. If conditions prohibit local collection, receipts must be obtained. Such transfers are invoiced to the Navy Regional Finance Center, Washington, D.C. in the Navy Stock Account on a DD Form 1149. Invoices must be itemized, priced, extended, and must include the specific authority for the transfer and other information that indicate the purpose or program for which the transfer was made. The receipted original, one receipted copy, and two unsigned copies of each invoice must be forwarded to NRFC, Washington, D.C., by the fifteenth of each month. The money value of all invoices covering these transfers must be included on the Summary of Material Receipts/ Expenditures (NAVCOMPT Form 176).

TRANSFERS TO FOREIGN GOVERNMENT AND FOREIGN WARSHIPS

Ship's store stock may not be transferred to foreign governments without the specific authority of the Navy Department, except for assistance to allied forces as provided by Navy Regulations. Assistance to allied forces is limited to providing items that are not available commercially within the time of availability of the foreign vessel of war. Quantities are restricted to the amounts required until the arrival of the foreign vessel at the next port of call or home port, and items are sold at the current selling price. Every effort must be made to handle the transaction as a cash sale. When it is impossible to collect cash, the transaction is invoiced to NRFC, Washington, D.C. as previously described, and in accordance with the procedures outlined in NAVSUP P-487.

MISCELLANEOUS EXPENDITURES

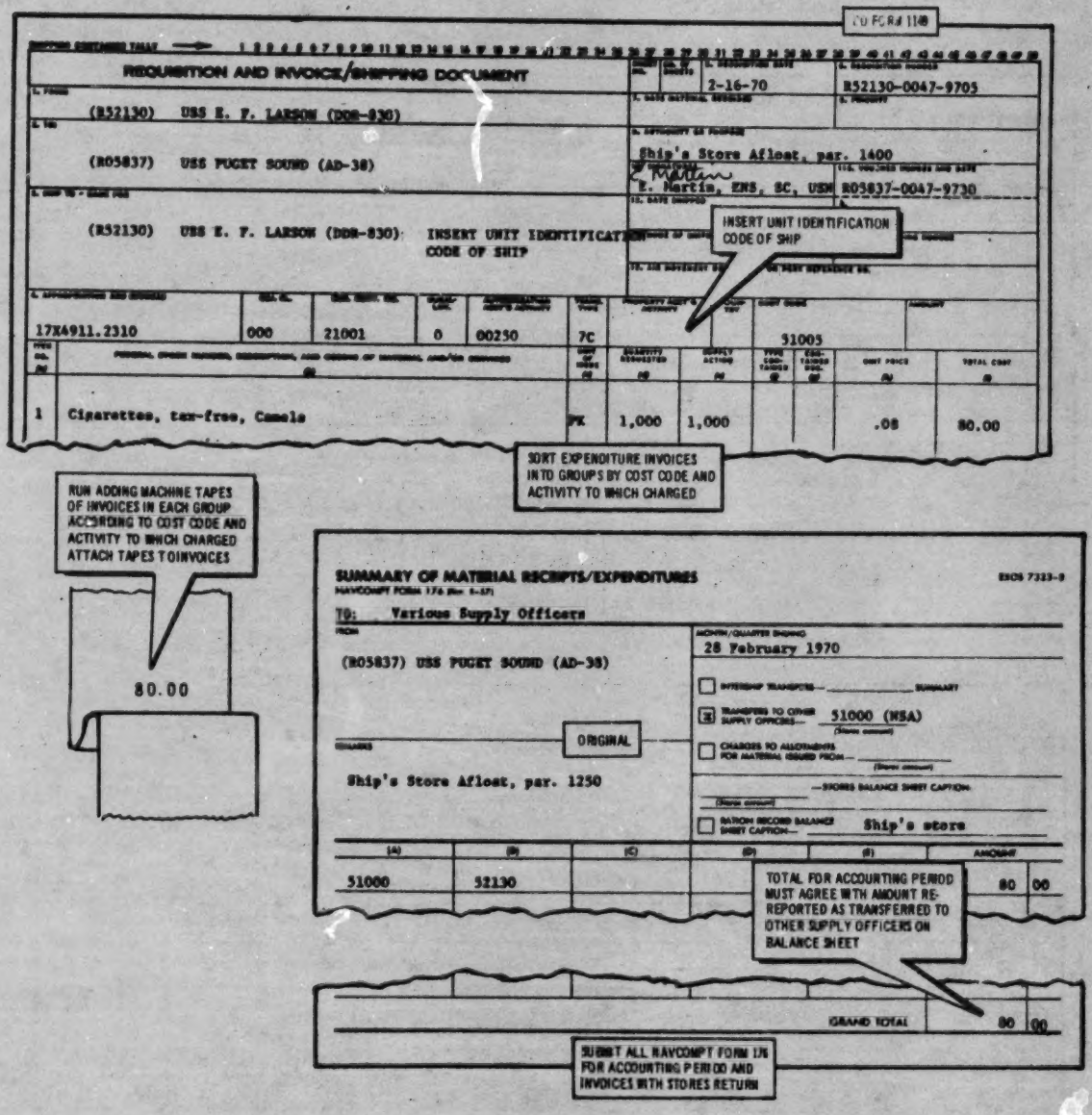
Previously we defined expenditures as any act which results in a decrease or shift in Navy assets (material or funds), and so far we have only discussed the material aspect. In this section we will discuss expenditures as the term applies to funds. You will be mainly concerned with two types of expenditures of ship's store funds. They are markdowns, and claims for loss or damage to personal apparel.

MARKDOWNS

A markdown is a reduction in the selling price from that previously established and may also be used to reduce the cost value of an item.

Markdowns are made for several reasons. A common one is to speed up the sale of slow moving or out-of-season items. Items of this nature are no asset to your store because they tie up money and restrict you from stocking more desirable items. Prompt action should be taken to move this material.

Prior to marking down merchandise, efforts should be made to move it by some other means. Displays may be rearranged, or suggestions made to customers. When these actions do not work, then the items should be marked down. The amount of the markdown should be sufficient to stimulate sales, and the items should be prominently displayed to focus attention on them.



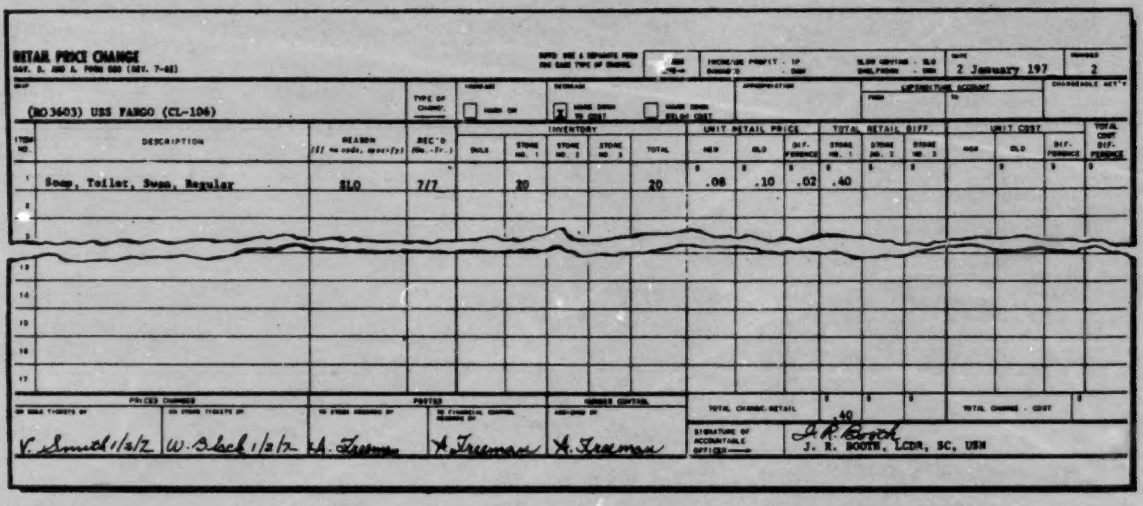
43.3:123.37

Figure 8-9.—Summarizing Transfers to OSO.

The amount of the markdown will depend largely upon previous action taken to move the merchandise. Markdowns are made on Retail Price Change, NAVSUP 983 and must be approved by the accountable officer. Figure 8-10 illustrates a markdown to cost and figure 8-11 illustrates a markdown below cost.

Preparing and Posting NAVSUP Form 983

The NAVSUP 983 is prepared in duplicate when items are marked down below cost. Only one copy is required for items marked down to cost. The identifying number on the NAVSUP



RETAIL PRICE CHANGE

(RO3603) USS FARGO (CL-106)

2 January 197

ITEM NO.	DESCRIPTION	REASON	REC'D	INVENTORY					UNIT RETAIL PRICE			TOTAL RETAIL DIFF.			UNIT COST			TOTAL COST DIFFERENCE
				SALE	STORE NO. 1	STORE NO. 2	STORE NO. 3	TOTAL	NEW	OLD	DIFFERENCE	STORE NO. 1	STORE NO. 2	STORE NO. 3	NEW	OLD	DIFFERENCE	
1	Soap, Toilet, Swan, Regular	SLO	7/7		20			20	.08	.10	.02	.40						

PRICES CHANGED BY: V. Smith 1/2/7 — CHECKED BY: W. Black 1/2/7

POSTED BY: A. Freeman

NUMBER CONTROL: A. Freeman

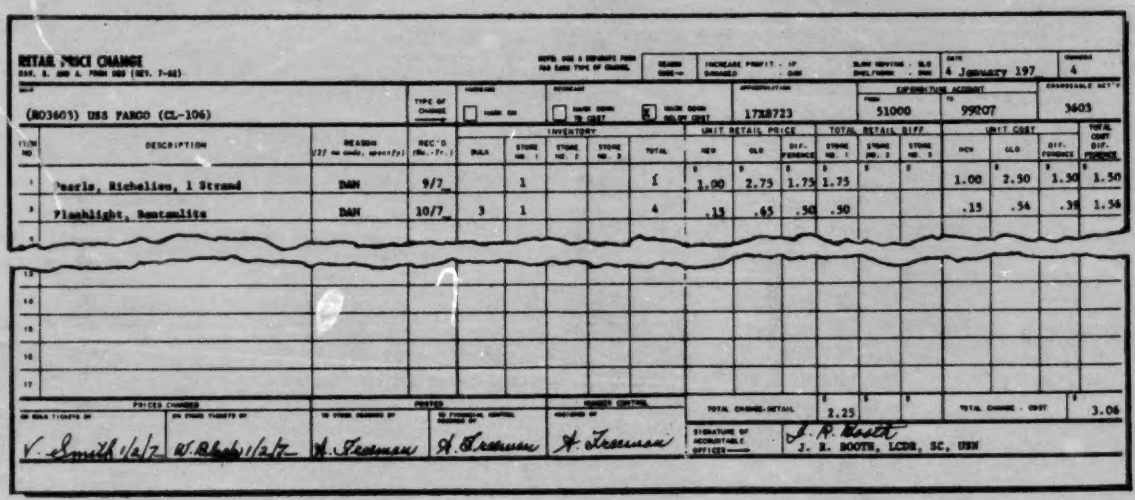
TOTAL CHANGE-RETAIL: .40

SIGNATURE OF ACCOUNTABLE OFFICER: J. R. Booth

J. R. BOOTH, LCDR, SC, USN

43.11

Figure 8-10.—Markdown to cost.



RETAIL PRICE CHANGE

(RO3603) USS FARGO (CL-106)

4 January 197

17X8723

51000 — 99207 — 3603

ITEM NO.	DESCRIPTION	REASON	REC'D	INVENTORY					UNIT RETAIL PRICE			TOTAL RETAIL DIFF.			UNIT COST			TOTAL COST DIFFERENCE
				SALE	STORE NO. 1	STORE NO. 2	STORE NO. 3	TOTAL	NEW	OLD	DIFFERENCE	STORE NO. 1	STORE NO. 2	STORE NO. 3	NEW	OLD	DIFFERENCE	
1	Pearls, Richelieu, 1 Strand	DAM	9/7		1			1	1.00	2.75	1.75	1.75			1.00	2.50	1.50	1.50
2	Flashlight, Rentmeliis	DAM	10/7	3	1			4	.13	.65	.50	.50			.13	.54	.39	1.56

PRICES CHANGED BY: V. Smith 1/2/7 — CHECKED BY: W. Black 1/2/7

POSTED BY: A. Freeman

NUMBER CONTROL: A. Freeman

TOTAL CHANGE-RETAIL: 2.25

TOTAL CHANGE - COST: 3.06

SIGNATURE OF ACCOUNTABLE OFFICER: J. R. Booth

J. R. BOOTH, LCDR, SC, USN

43.11

Figure 8-11.—Markdown below cost.

983 is taken from the Number Control, and when marking an item down below cost, the accounting section of the 983 must be completed since you are reducing the inventory value of the item, and since markdowns below cost are charged to the profits of the store. A markdown that affects only the retail price is posted to the Financial Control Record and the price changed on the stock record. When the markdown involves the cost price, it must also be posted to the Journal of Expenditures. When all of the items on hand are marked down, the cost and/or selling price on the stock record is simply changed. If only a part of the stock is involved, the quantity marked down is expended from the original stock record, and a new card is prepared with the new prices. A notation should be placed on the new card to show that the item has been marked down.

Distribution of NAVSUP 983

The original of each NAVSUP 983 for items marked down below cost is placed in the cash sale file. The duplicate, (the original for items marked down to cost) is kept under lock by the accountable officer or designated assistant.

CLAIMS

When losses of or damage to personal apparel occur through the operation of a ship's store laundry, dry cleaning facility, tailor or cobbler shop, a claim for reimbursement may be submitted to the commanding officer via the accountable officer.

Amounts

The commanding officer determines the amount to be paid, and the amount is based on factors such as; the acquisition cost, the current market value, length of time the item has been in use, and whether or not the article is repairable. Articles which can be repaired satisfactorily for the patron are deleted from claims and the repairs are made without charge.

Processing Claims

An original and two copies of a local claim form are prepared by the individual and forwarded to the commanding officer via the accountable officer. The accountable officer conducts an investigation of the facts, recommends the amount that should be paid, inserts the appropriate accounting data (SSPN, Functional Account 75400) signs the form and submits it to the commanding officer. After approval of the claim by the commanding officer, authorizing and directing payment, the claimant must present all copies of the claim to the disbursing officer for payment. The disbursing officer obtains the payee's signature on the original claim form, reimburses the claimant, and prepares various disbursing forms. The disbursing officer must submit to the accountable officer one copy of each paid claim, and two copies of the Reimbursement Voucher (Standard Form 1129). One copy of the Standard Form 1129 is submitted with the ship's store returns, and the other copy, with a copy of the approved claim attached, must be filed with the retained returns.

CHAPTER 9

RESALE ACTIVITIES

As a Ship's Serviceman 3 or 2, you may fill a billet as the operator of a ship's store retail outlet. Certain variations exist in this type of billet, depending upon the size of the ship and whether a Supply Corps officer is attached.

If the ship is large enough, there may be more than one retail store and several operators. If, on the other hand, your ship is small, you may be the operator of the only store and the bulk storeroom custodian as well.

If you are aboard a ship without a Supply Corps officer, the procedures will differ in certain ways from those on a ship with a Supply Corps officer.

THE SHIP'S STORE—ITS PURPOSE, PATRONS, SERVICES

Before studying the operation of the ship's store, let us look carefully at the purposes for which the ship's store is established, the service activities it is permitted to operate, the patrons it serves, and its hours of operation. You need to understand these matters clearly because they are the basis for most of the operating policies that are discussed later in the chapter.

PURPOSE

The purpose of ship's stores throughout the Navy is to provide Navymen with articles necessary in day-to-day living. Another important objective is to provide, through profits, a source of funds for welfare and recreation. A third objective is to promote morale. These are three very big objectives, and you, the retail store operator, have the primary responsibility to help the Navy meet them.

The first of the three objectives is rather easy to meet since NRSO has promulgated stocking guides to assist ship's stores in establishing necessary day-to-day items, and the second objective, providing a source of funds for welfare and recreation, is directly related to the first. The third objective is easy to define—promote morale—but hard to fulfill, and almost impossible to measure. To promote morale, you must have satisfied customers. The best way to satisfy a customer is to provide what he wants or a satisfactory answer, and this is what this chapter is all about. To provide you with answers on the operation of ship's store resale activities.

ESTABLISHMENT AND PERMITTED ACTIVITIES

A ship's store may be operated on all ships in commission to which an officer of the Supply Corps is attached. Upon establishment of a ship's store, the commanding officer must report by letter to NRSO via the type commander, the date the store was or will be in operation. A copy of this letter must be forwarded to NFC, Cleveland, and NAVSUP.

Service Activities

When a ship's store has been established, the commanding officer may authorize the operation of any or all of the following service activities:

- Fountain, including ice cream bar
- Vending and popcorn machines
- Laundry
- Dry cleaning facility
- Barbershop
- Tailor shop
- Cobbler shop

Types of Retail Activities

Although the fountain and vending machines are listed and officially defined as service activities, for ease of study, and the fact that you as a SH3 (Clerk) would normally be assigned to these activities, they are included in this chapter and are treated as resale activities. Service activities are covered in chapter 11. With this definition in mind, afloat retail activities may consist of:

- Retail stores
- Fountains including ice cream bar
- Popcorn and vending machines
- Clothing stores

AUTHORIZED PATRONS

Ship's store and clothing stock may be sold for cash to officers and enlisted personnel of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, and Nurse Corps and to passengers, including foreign service personnel of the United States en route to duty. Items which are purchased from the ship's store by patrons must be purchased for the personal use of the purchaser or his dependents and must not be resold to or exchanged in barter with any other person, except that purchases may be made for outright gifts to other persons. All price lists posted must contain this regulation.

The following items of clothing have been designated as distinctive items of the Navy uniform and must not be sold to patrons who are not authorized to wear these articles as an item of uniform:

- Jumpers, blue and white, dress and undress
- Trousers, blue
- All insignia, including buttons
- Peacoats

In addition to sales to authorized patrons, ship's store stock may be sold to the following activities or individuals.

Survivors of Marine, Aircraft Disasters

Ship's store stock and nondistinctive items of clothing may be sold for cash to the survivors of marine and aircraft disasters, if such survivors have personal funds available. If the survivor is without personal funds, emergency issues may be made in accordance with the procedures outlined in chapter 8, and NAVSUP P-487.

Other Military Activities

Ship's store stock and items of clothing may be sold to ship's not operating ship's stores and to armed services exchanges. Ship's store stock and nondistinctive items of clothing may be sold to commissary stores, to exchange locations operated on board civil service manned ships of the Military Sea Transportation Service (MSTS), to officers' messes, to the commanding officer for recreational purposes, and to other duly constituted clubs or messes which have been authorized by a commanding officer and whose monthly records are audited.

Official Government Organizations

Upon approval of the cognizant service force commander, cash sales of ship's store stock and nondistinctive items of clothing may be made to representatives of official United States government organizations at isolated activities outside the United States.

The quantity sold is restricted to those items that cannot be conveniently obtained elsewhere, and to those items that will not unduly impair the operation of the ship's store.

Foreign Governments

Ship's store stock and nondistinctive items of clothing may be sold to personnel of foreign ships in distress, and to personnel of foreign ships visiting U.S. ports.

Personnel of Foreign Ships in Distress.—Sales for cash of ship's store stock and nondistinctive items of clothing may be made to personnel of foreign ships who are in distress. A request for sale must be submitted by the commanding officer of the ship concerned and must be approved by the commanding officer of the ship making the sale. Only such quantities as can be spared are furnished.

Foreign Ships Visiting U.S. Ports.—Sales for cash of ship's store stock and nondistinctive items of clothing may be made to military personnel attached to foreign ships visiting United States ports in connection with the following:

- Participation in exercises with U.S. fleet
- Research, development, and evaluation programs
- Outfitting incident to ships transfer programs
- Scheduled conversion, overhaul, or repair

The commanding officer of the foreign ship must submit a request listing the items and

quantities desired. This request must be approved by your commanding officer, and quantities sold must be reasonable in consonance with the on board complement of the specific ship concerned.

Merchant Ships

Sales for cash of ship's store stock and nondistinctive items of clothing may be made to merchant ships in distress or in need of supplies when normal sources do not exist. A request for sale must be submitted by the master of the ship concerned and must be approved by your commanding officer. Only such quantities as can be spared are furnished.

Navy Technicians

Ship's store items, excluding distinctive uniform items of clothing, may be sold for cash to accredited United States technicians when embarked in an official capacity.

HOURS OF OPERATION

The hours of operation of the retail and clothing store are prescribed by the commanding officer. Consequently, they will vary from ship to ship or upon change of command. The important thing to remember is that these prescribed hours must be prominently posted at all times.

Decals

Store hours of operation decals are available upon request from NRSO. The decal is pressure sensitive and is applied easily. Lettering is brilliant gold on a blue background, hours are interchangeable and complete sets of different hours are supplied with each decal for at sea and in-port.

REPLENISHMENT OF STOCK

The retail store is replenished by transferring merchandise from the bulk storeroom or by direct receipt. Chapter 8 described the receiving procedures to be followed. The important thing to remember about breakouts from the bulk storeroom is to check every item to be sure that you receive what you are charged for. If you receive more than you are charged for, you are not making any extra money for the store because the mistake will have to be resolved at the end of the accounting period. Also this causes a great deal of extra work for the office personnel. So demand what you are charged for and take ONLY those amounts.

When preparing requirements for restocking the store, there are a few basic considerations to keep in mind. In hot, humid climates, avoid overstocking highly perishable merchandise, such as candy bars, chocolates, gum, biscuits, cookies, and some tobacco products. If you have access to refrigerated spaces you can carry more perishable stock of course, but to avoid excessive losses, it is better to risk being out of a perishable item than to be overstocked.

You can back up perishables with nonperishables, such as cookies and candies in vacuum tins. These items may be placed on sale after the perishable items have been exhausted.

Order quantities based on anticipated sales. For example, when restocking the store for payday sales you should order larger quantities than you would at other times.

PRICING POLICIES

As the retail store operator, you won't be concerned with establishing selling prices, because this is done in the ship's store office and is the responsibility of the accountable officer. It is your responsibility, however, to ensure that all items are clearly and conspicuously marked, and you should be aware of how prices are determined.

MARKUPS

The markup over cost or transfer price of items to be sold in resale activities (excluding clothing) is the responsibility of the accountable officer. There are no standard or prescribed retail prices; however, markups should be sufficient to provide for the following:

- Cover markdowns and surveys
- Cover laundry and barber shop operations and other service activities' cost of operation
- Cover other operating expenses
- Meet the requirement of the commanding officer for the recreation fund

Profits

The maximum prescribed overall profit limitation is 15%. This limitation applies to a

percentage of overall sales and not to individual items. Certain items, such as tooth paste and soap may be sold for little or no markup while a high markup may be applied to luxury type items. Also in establishing selling prices the accountable officer usually considers the amount of profits generated through vending machines and fountain, since their profits are great.

CLOTHING

The standard price list for clothing items is promulgated by FMSO, semiannually, and is effective on 1 January and 1 July of each year. Clothing items are sold at the price prescribed in the standard price list. Changes to standard prices are promulgated by price change supplements, and are effective as indicated in the directive. An inventory of those items affected by a price change supplement or a new price list must be conducted, and any gain or loss as a result of the adjustment is recorded on a Retail Price Change, NAVSUP Form 983.

MARKONS

A markon is an increase in a previously established retail price of an item of merchandise. Markons are accomplished only on the authority of a Retail Price Change NAVSUP Form 983 (described in chapter 8). The serial number of the retail price change is assigned in sequence from the last number shown in the "price change" column of the Number Control, NAVSUP Form 980, and is posted to the 980. Merchandise in the retail store to be changed in selling price must be inventoried in the presence of the accountable person by the accountable officer or the person designated by him. The NAVSUP Form 983 is signed by the personnel concerned and must be routed to the ship's store office for the following action:

- Extension and posting to the 464, and to the 235 for merchandise located in the retail store.
- Making a notation of the completion date on NAVSUP Form 980.
- Filing in the retail price change file.

Figure 9-1 is an example of a completed NAVSUP Form 983 to cover a markon.

PRICES TO OTHER MILITARY ACTIVITIES

Nonexcess salable stock items of ship's store are sold at cost price to other military activities except as follows:

- Sales to the commanding officer of ship's store stock for recreational purposes must be made at the retail price.
- Sales to ships not operating ship's stores must be made at the retail price when the transferring ship provides a composite recreation fund.
- Sales to ships not operating ship's stores must be made at cost prices when the transferring ship does not provide a composite recreation fund.

Excess of Unsalable Stock

Items of ship's store stock that have been determined to be in excess of unsalable are sold or transferred at a mutually agreed upon price. Markdown action, as required, must be made prior to sale of this merchandise.

Group Sales

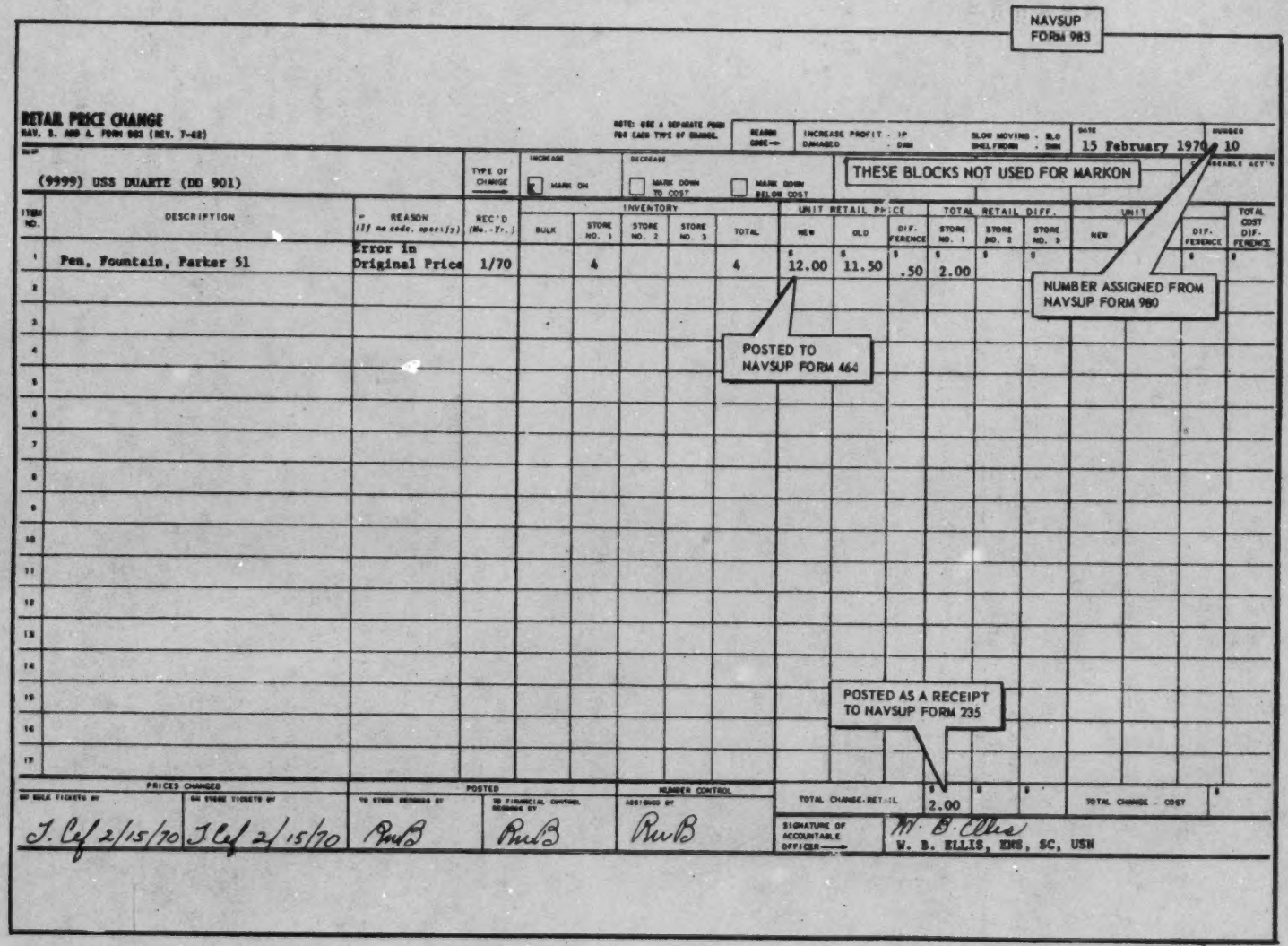
Group sales of ship's store stock are made at established retail prices, and must be cleared through the cash register.

DISPLAYING PRICES

A ship's store must display its price for each article so that the customer can see for himself what the price is.

Price Lists

Usually a price list signed and dated by the accountable officer is posted conspicuously at each cash register in full view of prospective purchasers. A copy of the Ship's Store Inventory (NAVSUP 238) may be used as a price list by cutting the form after the columns "description," "unit," and "retail price." When more than one page of items is required, each individual sheet must be signed and dated by the accountable officer. The regulation regarding authorized patrons (previously described) must be included on all price lists posted. A copy of the price list must be filed with the retained records. Changes



NAVSUP FORM 983

RETAIL PRICE CHANGE
NAV. S. AND A. FORM 983 (REV. 7-62)

NOTE: USE A SEPARATE FORM FOR EACH TYPE OF CHANGE.

REASON CODE —

INCREASE PROFIT - IP
DAMAGED - DAM

SLOW MOVING - SLO
SHELF WORN - SWR

DATE: 15 February 1970

NUMBER: 10

SHIP: (9999) USS DUARTE (DD 901)

TYPE OF CHANGE —

INCREASE: ☑ MARK UP

DECREASE: ☐ MARK DOWN TO COST ☐ MARK DOWN BELOW COST

THESE BLOCKS NOT USED FOR MARKON

ACCOUNTABLE ACT'N

ITEM NO.	DESCRIPTION	REASON (If no code, specify)	REC'D (Mo.-Yr.)	INVENTORY BULK	INVENTORY STORE NO. 1	INVENTORY STORE NO. 2	INVENTORY STORE NO. 3	INVENTORY TOTAL	UNIT RETAIL PRICE NEW	UNIT RETAIL PRICE OLD	UNIT RETAIL PRICE DIF-FERENCE	TOTAL RETAIL DIFF. STORE NO. 1	TOTAL RETAIL DIFF. STORE NO. 2	TOTAL RETAIL DIFF. STORE NO. 3	UNIT COST NEW	UNIT COST OLD	UNIT COST DIF-FERENCE	TOTAL COST DIF-FERENCE
1	Pen, Fountain, Parker 51	Error in Original Price	1/70		4			4	$ 12.00	$ 11.50	$ .50	$ 2.00	$	$	$	$	$	$
2																		
3																		
4																		
5																		
6																		
7																		
8																		
9																		
10																		
11																		
12																		
13																		
14																		
15																		
16																		
17																		

POSTED TO NAVSUP FORM 464

NUMBER ASSIGNED FROM NAVSUP FORM 980

POSTED AS A RECEIPT TO NAVSUP FORM 235

PRICES CHANGED BY SALE TICKETS BY	PRICES CHANGED BY STORE TICKETS BY	POSTED TO STOCK RECORDS BY	POSTED TO FINANCIAL CONTROL RECORDS BY	NUMBER CONTROL ASSIGNED BY	TOTAL CHANGE-RETAIL	TOTAL CHANGE - COST
J. Cef 2/15/70	J Cef 2/15/70	RwB	RwB	RwB	$ 2.00	$

SIGNATURE OF ACCOUNTABLE OFFICER — W. B. Ellis
W. B. ELLIS, ENS, SC, USN

43.11

Figure 9-1.—Markon, NAVSUP Form 983.

to the price list must be made with ink or indelible pencil and must be dated and initialed by the accountable officer. Supplemental price lists signed and dated by the accountable officer must be prepared for all items received which are not included on the original price list. Items which are not stocked but are procured on a special order basis are not included on the price list.

Price Tags and Markers

In lieu of the price list, the accountable officer may use individual price tags on items and, when practicable, may use shelf or bin markers where items are displayed. However, when the price list is not used, the regulation concerning authorized patrons must be posted in a conspicuous place at or near the cash register. The Ship's Store Afloat Stock Catalog may be consulted for the sources for price markers. When price tags are used, the selling price must be marked clearly and conspicuously with crayon or with individual price tags on each and every item. When practicable, each shelf or bin must be marked with the selling price for the applicable items stowed.

SALESMANSHIP

To promote morale, you must first have satisfied customers. The following pointers on salesmanship will help you in customer relations.

- Your personal appearance and attitude should be your first concern. Be neat and well-groomed at all times. Remember, the attractiveness of the merchandise may be enhanced or lost by the impression created by the salesman. You should be friendly and helpful.
- Find out what your customer wants. A few well chosen questions will put you on the right track, and time required to service your customer will be greatly reduced.
- Know your merchandise. You cannot very well give the customer what he wants if you don't know what he is asking about. You can expect many questions concerning the operation or characteristics of items that you offer for sale. It is not unreasonable to expect the salesman to know the answers to these questions.
- Send your customer away satisfied. Don't lose interest in him as soon as he has made the purchase. Learn how to close a sale so that the customer feels that he has received a service. Remember that you are your store's principal link with the customers and that a customer judges a store, not by the operations of ordering, receiving, stock control, and such other functions performed by management, but by the quality of the service he receives from the sales clerk.

DISPLAYS

Displays of items should inform and educate the patron as to the quality, price, use, and other important characteristics of the merchandise. Any display which does not convey, to the customer, sufficient information on which he can make a decision is incomplete and fails its purpose.

PURPOSE AND QUALITIES OF DISPLAYS

The purpose of display is to show merchandise in such a manner that it is:

- Attractive
- Easily seen
- Quickly identified
- Readily accessible
- Neatly arranged
- Properly correlated for convenient selection and shopping ease.

Attractive

Merchandise must be attractive and must be seen under conditions that enhance its beauty and reveal its usefulness and qualities in an attractive setting. Careful attention to the merchandise, the fixtures, and the setting in which merchandise is displayed is very important. The display area must be given the same attention as the merchandise, and constant care must be exercised to ensure cases, paintwork, glass, and the areas in and about the store are properly maintained.

Easily Seen

Place merchandise so that customers can see it without undue effort or strain. Observe the following rules:

- Put large items on lower shelves
- Put small items at eye level and above (but not too far above)

- Do not hide merchandise behind signs or decorations
- Use bright lights so that patrons can see the merchandise and read signs without difficulty. Lights should be cleaned periodically and replaced when necessary.

Quickly Identified

Shopping can be speeded and patrons made to feel more satisfied if they can identify merchandise quickly. To achieve this, bear these points in mind when setting up displays:

- Labels and informative copy on packages should be face up and right side out so that information is read easily.
- Show the item so that its purpose or use is obvious. This may require the use of a sign or opening one item so that its features can be seen.
- Use a picture or sketch from a newspaper or magazine ad and take advantage of the preselling that has been done by the salesman or distributor.

Readily Accessible

When displayed merchandise is readily accessible to the store operator or the customer, much time can be saved in completing the transaction. Time is important to fellow crew members and you should do everything possible to avoid wasting their time. One way to make items more readily accessible in your store is to use all available purchasing and selling history to determine which items move fastest. Display these items so that they are most convenient and can be handed to the customer quickly. Take the time to set up displays so that two or three other items do not have to be moved or disturbed in order to get at one that is set behind or underneath other merchandise.

Neatly Arranged

Merchandise both on display and within the store should always be neatly and conveniently arranged. When using shelves directly behind the selling area of the store, merchandise should be arranged to fill as much cubic space as possible. Certain items may be stacked two or three deep when practical. If retainer bars are used on shelf fronts even cans or jars can be stacked by inserting a piece of masonite or cardboard between layers.

Correlated

Displays look best, are most productive and convenient to patron and store operator when items are correlated. Simply defined, this means show together items that are related in use or purpose. It is an old retail axiom that one item will suggest another. Therefore when arranging displays see that related items are put together, set up drugs in a compact section, cigarettes and tobaccos in one, and jewelry in another. This treatment of merchandise permits easier selection, and the customer does not have to scan several different areas of display to find what he wants. It is much more helpful to the patron if he sees toothbrushes displayed near the toothpaste, shoe laces near the shoe polish. This correlation of one item with another usually acts as a reminder to patrons and encourages or prompts them to select or buy items which they might have forgotten they needed. You should go through the store frequently and take a look at your merchandise arrangements, determine whether each item is displayed to the customers' greatest possible convenience. This constant vigilance will result in an attractive store, well stocked, where customers are pleased with the considerate service.

ARRANGING DISPLAYS

The preceding pages have been devoted to explaining the principles of displaying, and what good displays should do. Now that you understand that merchandise must be treated in certain ways for maximum effectiveness we must consider the means and devices necessary to accomplish the desired results.

Many factors have to be considered in the operation of a successful and attractive ship's store. The location, layout and condition of equipment are the three major elements involved.

Location

Most desirable is an area adjacent to a mess, recreational area or other high traffic spot. Space in front should be adequate to permit free flow of traffic without disturbing shoppers.

Layout

Layout of equipment both inside and outside the store should be planned to afford both the patron and the operator as much convenience as

possible. In this respect, the location, the selling area, and the arrangement of shelving for fast selling merchandise directly behind must be considered.

Equipment Condition

Equipment, whether new or old, should always be kept in good working order. Special attention should be given to maintenance of locks, door tracks, shelf channels, and so forth. Replacement or repairs should be made when necessary without delay.

Figure 9-2 is a sketch of a sample type "A" store. This type of store has many features of distinct advantage to efficient operation. Among them are:

- Provision for undisturbed front display areas
- Attractive background for merchandise on display
- Efficient and easily accessible back-up stock areas
- Maximum use of display area with store open or closed

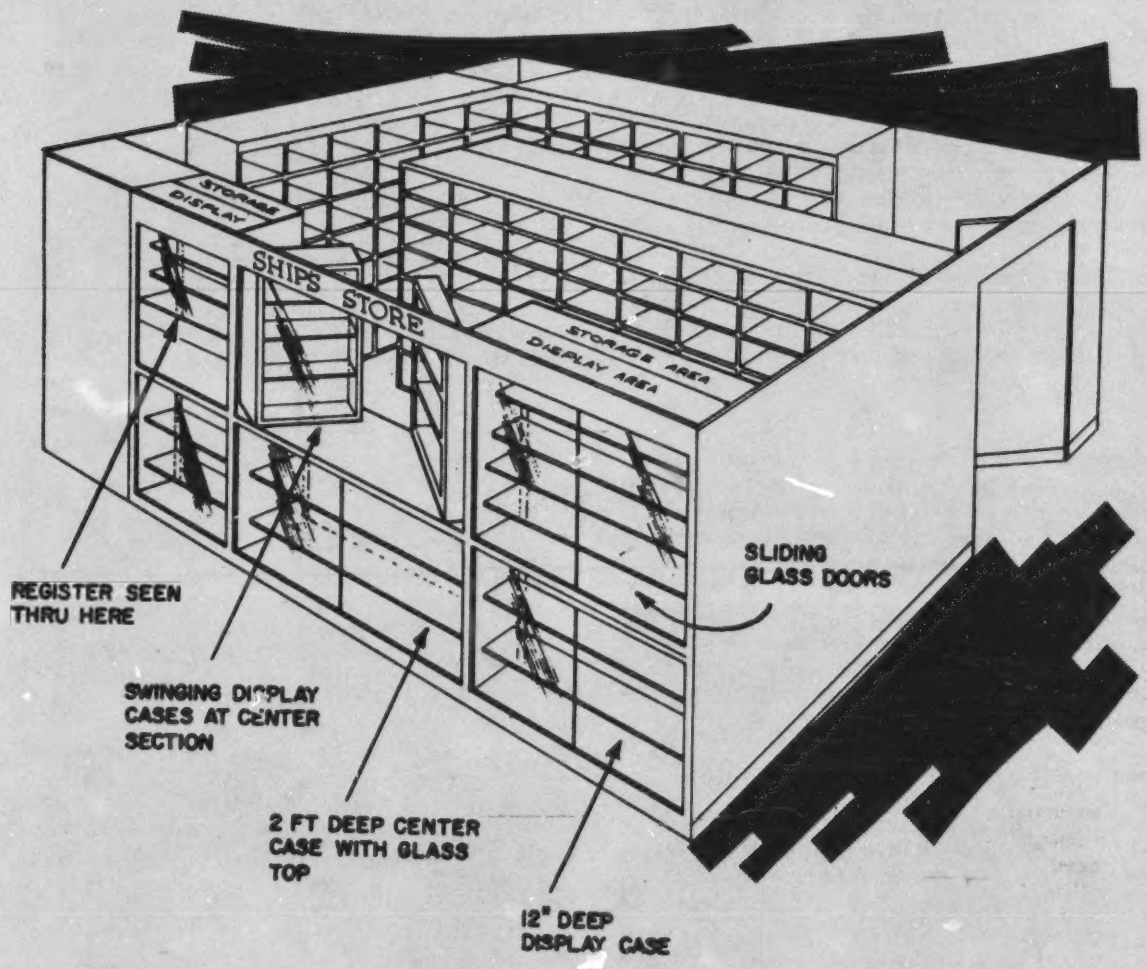


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Figure 9-2.—Typical type "A" store.

• Location of register permits greater freedom at selling area.

Fixtures

The basic fixture requirements for the ship's store are quite limited. The size of the store front, space between shelves and nature of items displayed must be considered before display fixtures are selected for use in any store. Fixtures considered basic for most stores are illustrated in the Ship's Store Afloat Display Guide (NRSO PUB 38). Prices, and ordering information are listed in the Ship's Store Afloat Stock Catalog.

Fixtures should be treated with care. Dust and polish them before each use. When not in use store them in a safe place where they will be protected from damage or breakage. Fixtures that have been damaged or broken should not be used, since they detract from the appearance of clean new merchandise. Head or shirt forms and other display fixtures made of paper mache and coated with plaster can be easily repaired with patching plaster or spackle. Glass, plastic, lucite, and metal fixtures should be spotless when being used. Those broken beyond repair should be discarded.

Signs

Signs are the silent voice of the store operator. They tell the customer where the store is, what is or will be on sale, what the item is, and its price. Any other information, descriptive or explanatory that would help the customer to shop more easily and quicker should also be included.

The Ship's Store Afloat Display Guide (NRSO P-38), contains information on the types, layout, and the construction of signs. This publication should be consulted, and used in setting up your signs.

Decorations

Decorations should be used in the Ship's Store displays to arouse customer interest and add to the appearance of the merchandise on display. Decorations will also alert your customers to approaching events or seasons and remind them to purchase their needs in advance. The Ship's Store Afloat Stock Catalog contains information on how to procure the complete all-season decoration kit (Decor Kit), and the contents of the kit are illustrated in NRSO P-38.

The ship's store should be decorated for all the major events and seasonal changes. When displays are installed for seasonal events, the decorations should be changed too. No displays should be left in cases for more than one month without being refreshed or changed. Clean, fresh, and colorful displays should be evident at all times. Care must be taken when employing decorative materials to avoid overshadowing or overcrowding merchandise. The use of too much decor can detract from the appearance of the display and cause confusion. Consult and study the display photos in NRSO P-38 for ideas on how to use decorations properly. Remember, it is always better to keep displays simple, neat, and lightly decorated. They are more pleasing to the eye this way and more likely to interest the customer. If it creates interest, shows merchandise at its best, and holds attention, it's a good display.

SALES PROCEDURES

All sales in the ship's store must be made on a cash basis except that sales of fountain products may be made to private messes on a credit basis provided that payment therefor, on a one-time basis, is received before the end of the accounting period. Only United States Currency (or military payment certificates in those areas designated in NAVCOMPT Manual, volume 4), may be accepted for sales in ship's stores. Under no circumstances may advance deposits, in whole or in part, be accepted for stock or special order items.

CHANGE FUNDS

At the beginning of each accounting period or when the store is reopened after being closed for over 72 hours, advance funds are provided to the store operator by the disbursing officer. On ships operating multiple retail outlets, this advance may be made by the accountable officer, his desiganted officer assistant, or designated collection agent. The operator must sign a receipt for the funds. The funds are used as change until such time as sales are sufficient to provide the required change. The amount of the change fund, usually $50, must be stipulated by the commanding officer in written instructions to the accountable officer. The advanced change fund is not registered on the cash register, but remains in excess of proceeds from sales. At the close of the business day or as soon as

practicable thereafter, the retail store operator returns the amount of advanced funds prior to the cash register reading. At this time, the receipt originally given for the funds is destroyed. Advanced change funds may remain in the cash register overnight only when the day's sales have not produced sufficient cash to provide change for business the following day. On special occasions such as paydays, when a greater amount is required temporarily for change, an extra amount may be entrusted to the retail store operator upon presentation of his receipt. Such extra amounts must be specified in the instructions of the commanding officer to the accountable officer.

CASH REGISTERS

All sales in the retail store must be cleared through cash registers. Sales, therefore, shift accountability from merchandise to cash. You are responsible to safeguard this cash in the same manner in which you safeguard merchandise. With the exception of the person who collects your cash, the retail store operator is the only person allowed access to the cash register. Under no circumstances, can anyone other than the store operator ring up sales. The cash register provides a record of the amount of money you collect. Use it properly. Keep in mind, however, that you are held responsible for errors in pricing and in making change.

Cash registers should not be turned back, nor should the reading be altered at any time. Readings should be allowed to accumulate. Thus, to find the receipts for sales for 1 day, the reading at the close of the preceding day is subtracted from the reading at the close of the present day. The "paid out" key if installed in the cash register must be blocked out to prevent use.

Location of Cash Register

The cash register must be located where it will provide the patron with a clear view of the registration of the amount of the sale. As an optional procedure, a cash register that provides the patron with a tape, itemized, and totaled is acceptable.

Cash Transactions

There are six steps in the proper handling of money in cash register transactions.

1. COUNT THE MONEY you receive carefully before placing it in the cash till. This includes the change fund you start the day with, the money you receive from patrons for each sale, and any additional change which you may have to obtain during the day.

2. REPEAT OUT LOUD THE AMOUNT OF MONEY HANDED TO YOU, as well as the amount of the sale. By doing this for every sales transaction, you avoid the chance of becoming confused of the chance that the customer will claim that a larger bill was given to you. For example, as the customer hands you this money, you should say, "Thank you, that will be $4.35 out of $5."

3. LEAVE THE AMOUNT RECEIVED ON THE CHANGE PLATE until you count the change from the till. If someone interrupts you or you forget, you will have the exact amount received in front of you just below the row of keys on the register. You won't have any doubt or make mistakes on the amount.

4. COUNT THE CHANGE TWICE, first as you take it from the till and second as you give it to the patron. Start counting your change from the amount rung up until you build up to the amount received. For example, if you have to ring up $4.35 out of $5, you would pick up a nickel and a dime from your till and count aloud, "Four forty, four fifty," and then pick up two quarters and count out loud, "Four seventy-five, five dollars." Repeat in the same way as you count the change into the customer's hand. If you or the customer finds an error in your count, take back all the change from the customer. Make your corrections, and then count the change correctly into the customer's hand.

5. ARRANGE THE MONEY IN THE REGISTER CAREFULLY. Never mix one-dollar and five-dollar bills. Use separate compartments for ones, fives, and tens. Twenty-dollar bills, larger denominations, and checks may be placed under the tray in the cash drawer if you do not have a fourth bill compartment. If you receive new crisp bills, turn down the corner of each bill to prevent their sticking together. Be especially careful not to put patron's bills in the till until you have drawn out the needed change. Keep coins in their own compartments, with pennies on the right, then nickels, dimes, and quarters. Half dollars and silver dollars should be kept together in one compartment next to or behind the quarters.

6. HANDLE ONE MONEY TRANSACTION AT A TIME. Even if you are waiting on two or three customers at one time, when one customer

is ready to buy, concentrate on that transaction exclusively. Take money from only one customer at a time. Ring up only one sale at a time. This prevents giving change to the wrong customers. Close the cash drawer after each registration.

RETURN OF MERCHANDISE FOR REFUND

All sales made in the ship's store are final except that merchandise determined to be defective may be returned for refund or adjustment under the following conditions:

- When merchandise is guaranteed by the manufacturer and returned within the warranty period.
- When merchandise can be reasonably assumed to have been defective at the time of sale and is returned within 30 days of such sale.

Procedures

When a refund is desired and proper, an Over-ring/Refund Voucher (NAVSUP Form 972) is completed and approved by the accountable officer. The customer takes the 972 to the store operator who must pay out the cash from the register, obtain the customer signature, sign the 972, and place it in the cash register. The vouchers are collected by the accountable officer or his designated collection agent at the same time that the cash is collected from the ship's store, and must be recorded in the Cash Register Record (NAVSUP 469), and Cash Receipt Book (NAVSUP 470). Defective merchandise covered by guarantee must be returned to the vendor for an adjustment or replacement in accordance with the terms of the guarantee. Repairs to other merchandise may be procured from commercial sources if attempts to secure replacement or repairs from the vendor are unsuccessful. In some instances, defects may be of such a nature that merchandise may be sold on board at reduced prices or surveyed as a charge to ship's store profits.

CASH COLLECTION

The accountable officer is responsible for the collection and deposit of funds received from sales in the ship's stores. If desired, however, the accountable officer may designate an officer or enlisted assistant as collection agent to count and collect cash from retail stores. Such designation must be in writing.

RECOMMENDED PROCEDURES

Cash received from sales in the retail store must be counted and collected from the retail store operator at the close of each business day except when money bags, or a night depository safe is used. When more than one shift is in operation, all cash from sales must be collected at the end of each shift.

Money Bags

When conditions make it impracticable to collect the cash, such as when the retail store is open after regular working hours, including weekends, all cash in the register, including the change fund, may be placed in a money bag, which must be locked and turned over to the supply department duty officer or to another commissioned duty officer for safekeeping. Each money bag must be numbered on the outside, and this number must be recorded in a locally developed log sheet opposite the name of the retail store operator to whom the money bag is issued. Each money bag is provided with two keys. One is kept by the retail store operator, and the other one must be kept in a sealed envelope in the accountable officer's safe. The envelope must be signed across the flap by the accountable officer and the retail store operator.

Each time a retail store operator delivers a money bag to or receives it from the supply duty officer, or commissioned duty officer, the appropriate space on the log sheet must be initialed by both persons. The following day, before the start of business, the cash register must be read and the retail store operator must open his money bag, count the money, and turn it over to the designated collection agent.

Night Depository Safe

When conditions make it impracticable to collect the cash, such as when the store is open after regular working hours including weekends and on ships operating multiple retail outlets, and an approved night depository safe is installed for use, cash received from sales including the change fund may be placed in a money bag and deposited in the night depository safe by each retail store operator. The money safe in the lower depository of the approved type night depository safe is dual control by a key and combination lock. Two keys are provided for the key lock.

One is given to a person who does not have access to or knowledge of the combination to the safe and who is responsible for opening the key lock. The other key is placed in an envelope (signed across the flap by the accountable officer and the person responsible for opening the key lock to the safe) and is kept in the accountable officer's safe. The combination to the money safe is given to a designated person authorized to collect cash, and is recorded on paper, and placed in the accountable officer's safe. The following day, before the start of business, key lock and combination lock are opened by the authorized persons, and each retail operator must open his locked money bag. The cash is counted in his presence by the authorized collection agent.

Optional Procedure

The accountable officer may have the cash delivered daily by the retail store operator to the designated collection agent. When the cash receipts are delivered to the collection agent, the accountable officer must ensure that the cash registers are read by the collection agent at the end of a business day at least twice weekly on an unscheduled basis. Cash for change is provided daily by the collection agent to the retail store operator in exchange for a receipt.

Cash Left in Cash Register Overnight

Cash not to exceed $50 may be left in the cash register overnight except when more than one shift is operated. In each instance when a $50 change fund is inadequate on continuing basis, the type commander may authorize that cash not to exceed $100 may be left in the cash register overnight except when more than one shift is operated. When a retail store will be closed for a period of more than 72 hours, all cash must be collected at the close of the last business day. All cash must be collected also at the end of the accounting period and upon relief of the accountable officer.

Cash Register Keys

Keys to the cash register which permit access to register readings and any keys that control any type of operation selection lever must be kept in the custody of the person making collections. Any lever which permits the selection of various operations, such as add, cash, grand total, locked drawer, and the like must be locked in the cash position except when readings are being taken.

Cash Register Tapes

If a cash register is used which provides for the use of tape, the tape must be used. Cash register tapes must be signed and dated by the collection agent when removed from the register and filed as a part of the retained returns.

ACCOUNTING FOR CASH

Each store operator is responsible for the cash he collects from sales as long as he has it in his possession. Cash is usually collected at the close of each business day by the accountable officer or a designated collection agent. Two records are maintained in which the cash collection is recorded.

Cash Receipt Book

A Cash Receipt Book (NAVSUP 470), which shows a receipt for all cash turned in to the collection officer, is kept for each store aboard ship in the custody of the store operator.

Whoever makes the daily collections from the retail store must receipt for the cash in the Cash Receipt Book. See figure 9-3. Spaces are provided for the date, for the amount of cash turned in (which is written out in words and also entered in figures), and for the signature of the person collecting, as well as that of the store operator. Whenever an error is made, draw a line through the incorrect entry and write the correct one on the following space. Line-outs must be initialed by the collecting officer. Never place a signature beside an entry that shows erasures.

Cash Register Record

A Cash Register Record (NAVSUP Form 469) is retained in the custody of the person making the collection as evidence of cash collected from sales. The NAVSUP Form 469 is signed by the collection agent and the retail store operator. See figure 9-4. The NAVSUP Form 469 provides a record for:

NAV S AND A FORM-470 (REV 11-53)

CASH RECEIPT BOOK

SHIP'S OR COMMISSARY STORE

DATE	AMOUNT IN WORDS	
	Dollars	Cents
2	One Hundred Fifteen	Thirty-three
3	One Hundred Eighty	Five
4	One Hundred Twenty	Forty-six
5	One Hundred Sixteen	Twenty-one
6	One Hundred One	Fifteen
9	One Hundred Sixty-one	Three
10	One Hundred Fourteen	Fifty-five
11	One Hundred Eighteen	Forty
12	One Hundred Ten	Twenty
13	One Hundred Five	Forty
16	One Hundred Forty-seven	Fifty-seven
17	One Hundred Forty-four	Fifty
18	One Hundred Eight	Fifty-six
19	One Hundred Two	Forty-eight
20	One Hundred One	Ten
23	One Hundred Fourteen	Twenty-five
24	One Hundred Nine	Fifty
25	One Hundred Five	Twenty
26	One Hundred Seven	Seventy
27	One Hundred One	Sixty-five
30	One Hundred Eighty-five	Ten
	Last Entry	
TOTAL	Four Thousand Five Hundred Eighty-three	Fifty-nine

U.S.S. Jones Ingram (DD-938)

Month of April, 19 7

FIGURES		I hereby certify that cash received in this store from sales in the amount set opposite my name has been turned over to the Officer in Charge.	I hereby acknowledge receipt, from the cashier, of the amount set opposite our names.
115	33	S.A. Baker	Frederick
180	05	C.F. Baker	Frederick
120	46	C.F. Baker	Frederick
116	21	C.F. Baker	Frederick
101	15	C.F. Baker	Frederick
161	03	C.F. Baker	Frederick
114	55	C.F. Baker	Frederick
118	40	C.F. Baker	Frederick
110	20	C.F. Baker	Frederick
105	40	C.F. Baker	Frederick
137	57	C.F. Baker	Frederick
124	50	C.F. Baker	Frederick
108	32	C.F. Baker	Frederick
102	48	C.F. Baker	Frederick
101	10	C.F. Baker	Frederick
117	25	C.F. Baker	Frederick
109	50	C.F. Baker	Frederick
106	20	C.F. Baker	Frederick
107	70	C.F. Baker	Frederick
101	65	C.F. Baker	Frederick
186	10	C.F. Baker	Frederick
		Last Entry	
2,533	59		

138

143

43.12

Figure 9-3.—Cash Receipt Book, NAVSUP Form 470.

CASH REGISTER RECORD FOR THE MONTH OF April, 19--

U. S. S. Jonas Ingram (DD-938)

RECORD OF ACTUAL CASH TURNED IN BY COMMISSARY STORE CASHIER OR SHIP'S STORE STOREKEEPER April, 19--

DATE	COVER LIFT NUMBER	NUMBER OF CUSTOMERS	NUMBER OF "NO SALES"	REGISTER READING	ACTUAL CASH IN REGISTER	OVER	UNDER	CASH LEFT IN REGISTER FOR CHANGE	AMOUNT IN FIGURES	AMOUNT IN WORDS Dollars	AMOUNT IN WORDS Cents	SIGNATURE OF CASHIER OR STOREKEEPER	SIGNATURE OF RECEIVING OFFICER
2	712	98	2	1849.69	182.83	10		47.35	115 33	One Hundred fifteen	thirty-three	E. A. Baker	J. Jackson
										113.33 Cash for Sls of merchandise			
										2.00 applied since last shift			
3	713	148	4	1931.98	228.65		15	47.50	180 15	One Hundred eighty	five	E. A. Baker	J. Jackson
										178.28 Cash for Sls of merchandise			
										1.87 applied since last shift			
4	714	96	1	1648.57	167.06		05	46.60	120 46	One Hundred twenty	forty-six	E. A. Baker	J. Jackson
										117.58 Cash for Sls of merchandise			
										0.88 applied since last shift			
~~5~~	~~716~~	~~116~~	~~3~~	~~1901.20~~	~~245.10~~	~~20~~	~~05~~	~~49.25~~	~~116 21~~	~~One Hundred fifteen~~	~~twenty-one~~	~~E. A. Baker~~	~~J. Jackson~~
										114.98 Cash for Sls of merchandise			
										1.23 applied since last shift			
5	716	116	3	1761.20	165.46	25		49.25	116 21	One Hundred fifteen	twenty-one	E. A. Baker	J. Jackson
										114.98 Cash for Sls of Merchandise			
										1.23 applied since last shift			
30	732	112	2	3719.49	195.10		08	None	185 10	One Hundred Eighty-five	ten	E. A. Baker	J. Jackson
										183.00 Cash for Sls of merchandise			
										1.10 applied since last shift			
TOTALS						1.40	.99		3623	67			

43.13

Figure 9-4.—Cash Register Record, NAVSUP Form 469.

- The date that cash was collected.
- The cash register reading at the close of business on the day the cash is collected.
- The actual cash in the cash register.
- The amount over or under according to the difference between the cash in the register and the cash sales registered for the collection period.
- The amount of cash left in the cash register overnight for change.
- The amount of cash collected both in figures and in words.
- The amount of refund vouchers, if any.
- The signature of both the retail store operator and the person making the collection.

Entries must not be erased or altered. Lines containing errors are ruled out and initialed by the collection agent. When the type of cash register permits, the cover lift number, the number of customers, and the number of "no sales" also must be entered on the 469. At the end of each month the Cash Register Record must be totaled and compared with the totals on the NAVSUP 470.

Cash Sales Invoice

At the end of each month, upon relief of the accountable officer, and when cash is deposited with a different disbursing officer, a memorandum cash sales invoice, shown in figure 9-5, is prepared in the office covering all cash collected and turned over to the disbursing officer for the month. The disbursing officer signs the receipt certification and returns the original to the accountable officer, who retains it until the end of the accounting period when it is submitted with the returns to NFC, Cleveland.

SPECIAL TYPE SALES

There are certain special transactions which are authorized for ship's stores and with which you should have an acquaintance. These include group sales, and sales to welfare and recreation.

GROUP SALES

The necessity for conducting group sales of ship's store stock is generally limited to ships, such as transport vessels, or activities which carry or serve individual units of personnel, such as Army troops, Marine Corps troops, and large detachments of Navy and Coast Guard personnel. Because ship's stores are generally limited as to space and sales hours, it is often impossible to serve all the crew plus troop personnel on an individual basis. As a remedy, group sales may be inaugurated.

Under this system, troop units are divided according to squads, platoons, companies, berthing assignments, or some other category, and individual orders for purchases within a group are combined and turned over to one responsible person. This person may then either purchase the group orders directly from the ship's store during hours when it is normally not open for sales, or he may clear his orders through the troop quartermaster for further combining.

In either case, a considerable amount of time will be required for the ship's store operator to make up and check the group orders, and adequate allowance must be made for this time. For example, when orders are submitted late one afternoon, he will usually have until the middle of the following morning to make up the orders and check them.

Group sales are always made at established retail prices and are cleared through the cash register in the usual manner.

SALES TO WELFARE AND RECREATION

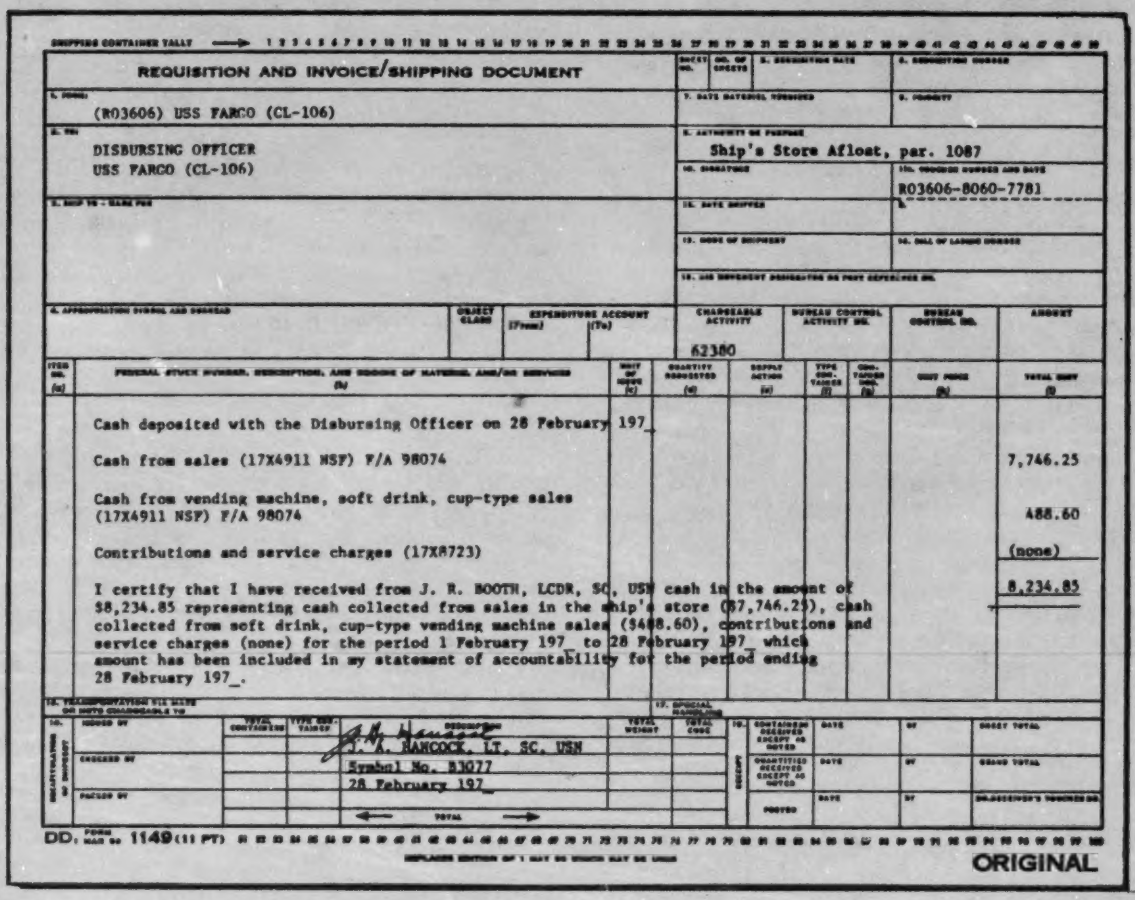
Sales to the commanding officer for welfare and recreation are made at established retail prices as shown on the price list. All such sales are cleared through the cash register.

SECURITY

A great deal has been said already regarding security. This is because security is so important and cannot be too strongly emphasized. There are specific security measures to be taken under certain conditions and they must be carefully observed.

AFTER WORKING HOURS

Before securing for the day, every lock should be double checked to ensure that it is actually locked. If you have outside display cases, check each one to ensure that the securing bar is properly in place and the lock is snapped closed. Be sure all ports leading into the store are securely dogged. Make certain that no lighted cigarette has been left in any ashtray. Empty all trash cans to eliminate fire hazards.



REQUISITION AND INVOICE/SHIPPING DOCUMENT

(R03606) USS FARGO (CL-106)

DISBURSING OFFICER
USS FARGO (CL-106)

Ship's Store Afloat, par. 1087

R03606-8060-7781

62380

Cash deposited with the Disbursing Officer on 28 February 197_

Cash from sales (17X4911 NSF) F/A 98074 — 7,746.25

Cash from vending machine, soft drink, cup-type sales (17X4911 NSF) F/A 98074 — 488.60

Contributions and service charges (17X8723) — (none)

I certify that I have received from J. R. BOOTH, LCDR, SC, USN cash in the amount of $8,234.85 representing cash collected from sales in the ship's store ($7,746.25), cash collected from soft drink, cup-type vending machine sales ($488.60), contributions and service charges (none) for the period 1 February 197_ to 28 February 197_ which amount has been included in my statement of accountability for the period ending 28 February 197_. — 8,234.85

J. A. HANCOCK, LT, SC, USN
Symbol No. 83077
28 February 197_

DD, FORM NO. 1149 (11 PT)

ORIGINAL

43.3

Figure 9-5.—Memorandum Cash sales invoice.

DURING AND AFTER INVENTORY

Chapter 6 discussed inventory procedures. The basic rules outlined in chapter 6 also apply in a retail store. During inventory, when physical inventory is not in progress, and upon completion of the inventory, the retail store must remain closed until it has been determined that there is no excessive shortage or overage. The accountable officer secures the space with a numbered lead or car seal. A log of these numbered lead or car seals is maintained.

After it has been determined that there is no excessive shortage or overage, the lead seal is broken and the store is reopened for business.

SANITATION AND CLEANLINESS

Sanitary regulations are approved by the medical department and posted prominently in all service activities. These regulations must be rigidly enforced and followed to the letter. All merchandise, shelves, bins, and the overhead must be kept free of dust and dirt. Keep the decks clean and allow no dirt or dust to accumulate in corners. Dirty merchandise in a dirty space loses its appeal.

In addition, personnel assigned to the spaces must be scrupulously clean at all times. Your

customer has every right to expect to be served by a neat, well groomed operator. Create a favorable impression, and you have a customer who is more easily satisfied.

STOWING FOR SEA

The important thing to keep in mind when preparing your salesroom for sea, is to anticipate rough weather. Racks and bins should be utilized to the fullest extent, especially for all breakable items such as cameras and watches. When these expensive items are damaged beyond sale, the loss is absorbed in your profits and there is no way the money can be recouped. Never secure the store for the day until you have very carefully checked everything and are sure things are secured to withstand any heavy seas that may develop during the night. It takes only one hard roll to bring all unsecured merchandise crashing to the deck. Many ship's store operators have learned the hard way when they found themselves putting their store back "together," not to mention having to answer for their negligence. Taking the initial precautions and a few extra minutes at the end of each day will eliminate the possibility of any mishaps.

SHIPS WITHOUT SUPPLY CORPS OFFICERS

Aboard Ships Without Supply Corps Officers, many of the procedures are the same as those followed on ships with Supply Corps officers. You keep a Cash Receipt Book and the ship's store officer keeps a Cash Register Record Book. However, aboard these ships, the ship's store may be provided with a money box, rather than a cash register, and the amount allowed for change normally will not exceed $25.

Receipts from sales in the ship's store are not necessarily collected every day. However, they must be collected at least once a week or when the total amount in the register (or money box) is in excess of the change fund by $25 or more, or when the store is to be closed for a period of more than 72 hours. Receipts are always collected on the last day of the month or when there is to be a change of either the ship's store officer or of the retail store operator.

THE FOUNTAIN

For promoting high morale among ship's personnel, a well administered fountain is a great asset. Many times, the services will include only the sale of ice cream and one or two beverages. However, if you are stationed where there is a large fountain, you will have to know how to make sundaes, malted milks, milkshakes, and several other specialties. Obviously, you can't serve these delicacies unless you have the equipment, space, personnel, and time.

At all times the aim of the fountain is to give the best possible service to the greatest number of people.

PRICES

One thing which all hands are particularly interested in is the price of the items for sale at the fountain. Fountain prices are set to realize a profit—but not an enormous one. Prices for fountain sales include the cost of the ice cream, the sirup and topping, the container, and the spoon.

Once prices are established, they must be prominently displayed at the fountain, on the ship's bulletin boards, and at the cashier's cage if the cage is physically separated from the fountain. If prices are changed at any time the price lists must be changed immediately.

CASH COLLECTION

Aboard ship, all sales in the fountain are collected and recorded separately from sales in the resale store and the vending machines. Cash collections are made in accordance with the procedures previously described.

COST CONTROL

The accountable officer must establish a system of cost control that is positive and that meets the requirements for internal control. Most ships have operating goals in order to generate the percent of profit desired, and in connection with the operating goals they keep production records.

Operating Goal

The operating goal is the established gross profit percent desired, and must be established by the accountable officer based on the amount

of profit which is desired to be generated. Once established, the operating goal should not be changed during the accounting period. An example of an operating goal is: Cost of material—65%, and Gross profit—35%. The 65% cost of material goal is a composite figure which is the desired result to be effected in computing the total of the various items sold in the fountain.

Production Records

In order to determine accurately the cost per portion of those items manufactured on board such as ice cream, a Production Record (NAVSUP Form 241) must be maintained. The 241 is maintained by the man in charge of manufacturing the designated item and must be checked by the accountable officer at least monthly. To ensure accuracy of the cost controls, it is essential that a uniform output of manufactured products be maintained from a given quantity of ingredients. The output generally should be maintained as prescribed in the directions on the container of the mix. The 241 must be kept on file in the office when completed.

Item Cost Determination

Item cost for ice cream is determined by a chart in NAVSUP P-487. The chart contains information on the weight of each dip, the size of dippers, the number of dips per 5 gallon can, and a cost per dip by dipper size.

The cost per portion of other items sold from the fountain such as sirups, toppings, and malt powder can be determined by dividing the cost per normal unit of issue by the number of portions contained in the unit of issue.

Item Cost Cards

An Item Cost Card (NAVSUP Form 240) must be maintained for each fountain product sold. See figure 9-6. Costs should be recalculated at least monthly and as often as a significant change occurs in the cost price of the ingredients.

ITEM COST CARD

NAME OF ITEM Ice Cream Cone

DATE OF TEST ▶	10 FEB.											
ITEM	UNIT COST	SERVING COST	UNIT COST	SERVING COST	UNIT COST	SERVING COST	UNIT COST	SERVING COST	UNIT COST	SERVING COST	UNIT COST	SERVING COST
1 #24 Scoop Ice Cream	GL 1.25	.0281										
1 Cone	M 4.56	.0046										
TOTAL COST		.0327										
SELLING PRICE		.05										
% GROSS PROFIT		34.9										

NAV. S. AND A. FORM 240 (1-64)

43.42

Figure 9-6.—Item Cost Card.

Cost Control Reports

The Ship's Store Afloat Fountain Cost Control (NAVSUP Form 239) is used by the accountable officer as a management record for internal control of the fountain operation. Figure 9-7 and 9-8 illustrate the front and back of the 239. Parts I and II should be completed on a daily basis by the fountain operator or, if directed by the accountable officer, parts I and II may be completed on a weekly basis by either the fountain operator or by office personnel when the expected operating goal is being achieved. If parts I and II are to be completed on a weekly basis or for lesser periods but not on a weekly basis, physical inventories should be taken and the line item information which is posted to the "today" column of part I should include applicable information for the period since the report was last prepared. Parts I and II should be completed at least weekly and thereafter reviewed by the accountable officer except on ships operating a combined retail store and fountain with a single one department cash register. On such ships the 239 may be prepared once each accounting period at the time a physical inventory is taken. Additional information on maintaining the NAVSUP 239 is included in NAVSUP P-487.

Retail Items

If facilities permit, and if it is desired to sell such items as candy, cigarettes, canned juices, and cookies from the fountain, a separate fountain "retail price" column must be included on the 235 to record such sales. Transfers to and expenditures from the fountain of such items must be recorded on the NAVSUP Form 235 at the retail selling price. When cash register facilities permit, sales of such items must be accounted for separately from sales of fountain items by cash register readings. When such a separate accountability is not feasible, the value of sales of retail items must be computed monthly and as required during the accounting period. NAVSUP P-487 contains a formula for computing the value.

Normally the responsibility for the operation of the fountain is vested in one man, and the preceding discussion on the fountain is applicable to a one-man operation. However, NAVSUP P-487 outlined and authorized a multiple fountain operation. Generally the procedures already discussed are followed except for inventories. Under multiple operator procedures the NAVSUP 239 must be completed at least once monthly on the basis of a physical inventory. Also, if the gross profits are not being attained, a detailed analysis of the operation must be made including the taking of physical inventories daily.

SANITATION

Food products can be a source of real trouble unless you are constantly on guard. Despite the efforts of your medical department, most ships are not completely free from roaches and other insects. The soda fountain can be your biggest trouble spot. Open sirup cans, ice cream drippings, and open packages of cookies and crackers attract roaches and insects very quickly. It is, therefore, extremely important that the soda fountain space be kept clean during the hours of operation. More important, it must be scrupulously clean before securing for the night. All sirup jars and cans must be wiped clean and closed securely. The entire area should be wiped clean of any spots or spills, and open or broken packages of cookies and crackers disposed of. Unsanitary conditions or unclean habits of the operators discovered by the medical department are reported to the commanding officer via the supply officer and the executive officer.

VENDING MACHINES

Vending machines, like the fountain and retail stores within the Navy resale system, make an important contribution to morale. Ship's Servicemen have a big job in that they are directly responsible for maintaining and operating the various types of vending machines.

CASH CONTROL

Afloat, all vending machines including machines located in authorized messes are operated as a separate activity, and the method of management is similar to that for the fountain. The responsibility for collection and deposit of funds received from sales in vending machines is the same as described for the resale store except that the person operating the vending machine may not be designated the collection agent. The cash for all sales through vending machines is collected and recorded separately from the resale store and fountain.

FOUNTAIN COST CONTROL
NAV. S. AND A. FORM 239 (3-69)

SHIP	DATE	ESTABLISHED GROSS PROFIT OPERATING GOAL
USS FARGO (CL 106)	29 Feb 197-	35 %

PART I

LINE	ITEM: USS FARGO (C.L. 106)	TODAY	TO DATE	GROSS TO DATE
1	INVENTORY (BEGINNING)	[redacted]	369.26	
2	TRANSFERS TO FOUNTAIN	100.00	100.00	
3	TOTAL (1+2)	100.00	469.26	FOR DAILY APPROXIMATION OF ACCUMULATED GROSS PROFIT USE AN ESTIMATED INVENTORY ON HAND.
4	TRANSFERS OUT	—	3.00	
5	TOTAL COST (3–4)	100.00	466.26	
6	SALES	24.70	214.29	
7	GROSS (6–5) (CIRCLE IF LOSS)	(75.30)	(251.97)	(251.97)
8	INVENTORY (ENDING)	[redacted]		329.97
9	GROSS PROFIT FOR MONTH (7+8)			78.00 % TO SALES 36 %

PART II

STUB NO.	MILK	ICE CREAM: VANILLA AND CHOCOLATE	ICE CREAM: OTHER	TOPPINGS	SYRUPS	PAPER SUPPLIES			TRANSFERS IN	TRANSFERS OUT
BROUGHT FORWARD	$ 53.12	$ 148.75	$ 51.45	$ 69.50	$ 37.10	$ 9.34	$	$	$ 369.26	$ 3.00
151	23.95								23.95	
152		31.90							31.90	
153				14.75					14.75	
154					19.10				19.10	
155						10.30			10.30	
TRANSFERS TODAY	23.95	31.90		14.75	19.10	10.30			100.00	
TRANSFERS MONTH TO DATE	77.07	180.65	51.45	84.25	56.20	19.64			469.26	3.00

79.12.1

Figure 9-7.—Fountain Cost Control (FRONT).

PART III—MARKUP INFORMATION

ITEM	SIZE OF SCOOP OR PORTION	COST PER SERVING	SELLING PRICE
ICE CREAM CONE	#24 Scoop	03256	.05
ICE CREAM DIXIE	4 oz cup	0601	.10
ICE CREAM WITH ONE SCOOP	#24 Scoop	C.331	05
ICE CREAM WITH TWO SCOUPS	#24 Scoop	.0612	.10
SUNDAES, PLAIN	#24 Scoop	.0980	.15
MALT DRINKS WITH ONE SCOOP			
MALT DRINKS WITH TWO SCOOPS			
MILK SHAKES WITH ONE SCOOP			
MILK SHAKES WITH TWO SCOOPS	#24 Scoop	.0978	.15
ICE CREAM SODA WITH ONE SCOOP			
ICE CREAM SODA WITH TWO SCOOPS	#24 Scoop	.0965	.15
SOFT DRINKS			
Milk, Whole	10 oz	.065	.10

PART IV—COST PRICE INFORMATION

ITEM	UNIT OF ISSUE	UNIT COST	ITEM	UNIT OF ISSUE	UNIT COST
MILK, WHOLE	QT	.21	ICE CREAM FLAVOR, STRAWBERRY		
MILK, POWDERED			ICE CREAM FLAVOR, VANILLA		
ICE CREAM, FINISHED	GL	1.25	Cups, paper, DIXIE	M	5.10
ICE CREAM, POWDER OR PASTE			Cups, SUNDAE	M	4.90
CONES	M	4.46	Cups, Soda	M	6.20
TOPPING, CHOCOLATE	GL	2.40			
TOPPING, STRAWBERRY	GL	2.40			
TOPPING, CHERRY	GL	2.45			
TOPPING, BUTTERSCOTCH	GL	2.40			
SYRUP, CHOCOLATE	GL	2.40			
SYRUP, COCA COLA					
SYRUP, ROOT BEER					
SYRUP, LEMON AND LIME					
SYRUP, STRAWBERRY					
SYRUP, VANILLA					
MALT POWDER					
ICE CREAM FLAVOR, CHOCOLATE					

79.12.2

Figure 9-8.—Fountain Cost Control (BACK).

Frequency of Collection

Cash from vending machine sales must be collected and counted at least twice each week and on the last business day of the accounting period, except when the volume of business exceeds $75 between collections more frequent collections must be scheduled. Cash from sales must also be collected and counted prior to effecting major repairs to the coin mechanism. Collections are recorded in the NAVSUP 469, and 470 in accordance with the procedures previously described. When more than one machine is operated, the cash receipts for each machine must be recorded on separate pages of the 470, and the page must be identified accordingly.

OPERATIONAL CONTROLS

The individual accountable officer must establish a system of cost control that is positive and which can be adapted readily to the needs of his own operation.

Vending Machine Control

The Vending Machine Control (NAVSUP Form 236) must be prepared for each cup type vending machine operated, and must be signed by the accountable officer. The number of drinks per gallon must be established at the beginning of the accounting period based on the amount of sirup that is put in each drink. In accordance with the chart contained in NAVSUP P-487, an accepted basis for the number of drinks per gallon is 115. The NAVSUP 236 (figure 9-9) is prepared monthly in accordance with the procedure outlined below.

Preparation of NAVSUP 236

When the vending machine and the bulk storeroom are operated by different persons, issues of vending machine supplies are made on an Intra-Store Transfer Data (NAVSUP Form 973). The 973 is prepared in ink or indelible pencil by the man assigned responsibility for each vending machine. Only the amount of stock actually placed in the vending machine is entered on the 973. Test drinks made incident to servicing the machine are also recorded on the 973. At the end of each business day, these forms are turned over to the accountable officer. At the end of the month, the amount of material placed in each machine is recapitulated on a 973. This 973 includes the quantity of cups, the amount of sirup, and the number of test drinks. The NAVSUP Form 236 is then prepared from the information contained on the recapped 973.

When the vending machine and the bulk storeroom are operated by the same person, a 973 is not required for breakouts. A monthly inventory is taken instead, and posted to the NAVSUP Form 464. The difference between the inventory and the balances on the 464 are the figures that are used to prepare the 236.

Meter Reading

Meter readings are taken each time cash is collected. Meter readings aid in determining the efficiency of the vending machine operation. A record of these readings is maintained in the NAVSUP Form 469 in the column "number of customers."

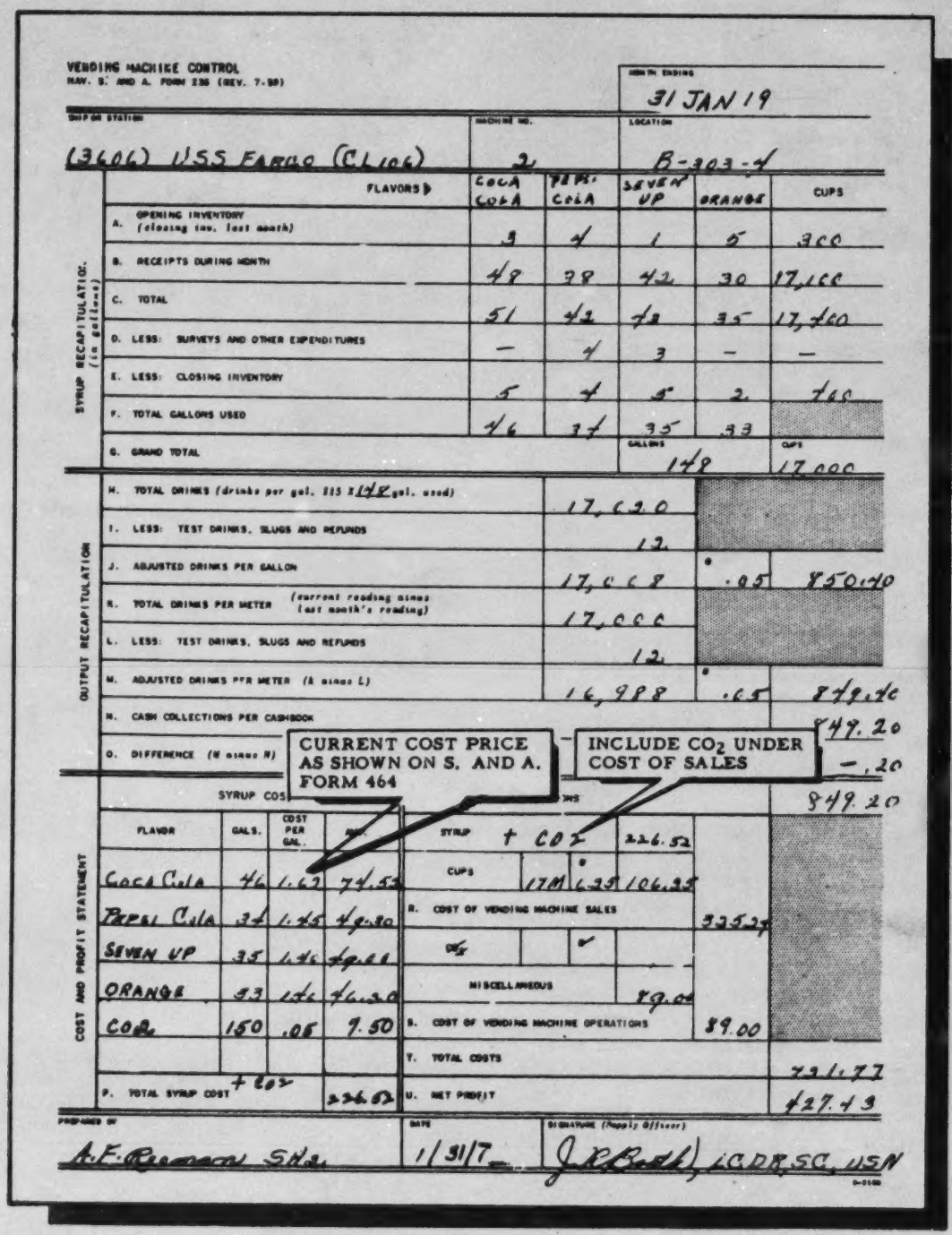
Other Type Vending Machines

When retail items such as candy, cigarettes, and cookies, are sold through vending machines, a separate "vending machine retail price" column must be included on the 235 to control such sales in the same manner as any other retail outlet.

ASHORE RETAIL ACTIVITIES

This book thus far has discussed many jobs and procedures that you may be expected to perform as a Ship's Serviceman 3 or 2 at some time during your naval career. Emphasis has been on procedures afloat. One day, however, you will receive order for shore duty and will be expected to perform certain duties in an ashore retail activity.

Procedures ashore differ somewhat from those afloat. There are, however, certain principles of salesmanship, displaying stock, cash sales procedures, and inventory that apply in any retail operation. These principles you have already studied. This section is designed to give you a broad look at retail operations ashore in anticipation of your being assigned to such an activity later in your career. A more complete discussion is included in SH 1 & C.



VENDING MACHINE CONTROL
NAV. S. AND A. FORM 236 (REV. 7-50)

MONTH ENDING: 31 JAN 19

SHIPS OR STATION: (3606) USS FARGO (CL106)
MACHINE NO.: 2
LOCATION: B-303-4

SYRUP RECAPITULATION (in gallons)

FLAVORS	COCA COLA	PEPSI COLA	SEVEN UP	ORANGE	CUPS
A. OPENING INVENTORY (closing inv. last month)	3	4	1	5	300
B. RECEIPTS DURING MONTH	48	38	42	30	17,100
C. TOTAL	51	42	43	35	17,400
D. LESS: SURVEYS AND OTHER EXPENDITURES	—	4	3	—	—
E. LESS: CLOSING INVENTORY	5	4	5	2	700
F. TOTAL GALLONS USED	46	34	35	33	
G. GRAND TOTAL			GALLONS 148		CUPS 17,000

OUTPUT RECAPITULATION

H. TOTAL DRINKS (drinks per gal. 115 x 148 gal. used)	17,020		
I. LESS: TEST DRINKS, SLUGS AND REFUNDS	12		
J. ADJUSTED DRINKS PER GALLON	17,008	.05	850.40
K. TOTAL DRINKS PER METER (current reading minus last month's reading)	17,000		
L. LESS: TEST DRINKS, SLUGS AND REFUNDS	12		
M. ADJUSTED DRINKS PER METER (K minus L)	16,988	.05	849.40
N. CASH COLLECTIONS PER CASHBOOK			849.20
O. DIFFERENCE (M minus N)			-.20
SYRUP COST			849.20

CURRENT COST PRICE AS SHOWN ON S. AND A. FORM 464

INCLUDE CO_2 UNDER COST OF SALES

COST AND PROFIT STATEMENT

FLAVOR	GALS.	COST PER GAL.	$
COCA COLA	46	1.62	74.52
PEPSI COLA	34	1.45	49.30
SEVEN UP	35	1.46	49.00
ORANGE	33	1.46	46.20
CO_2	150	.05	7.50
P. TOTAL SYRUP COST + CO_2			226.52

SYRUP + CO_2		226.52	
CUPS	17M	1.25	106.25
R. COST OF VENDING MACHINE SALES			332.77
CO_2		✓	
MISCELLANEOUS		89.00	
S. COST OF VENDING MACHINE OPERATIONS			89.00
T. TOTAL COSTS			721.77
U. NET PROFIT			127.43

PREPARED BY: A.F. Rasmussen SH2
DATE: 1/31/7_
SIGNATURE (Supply Officer): J.R. Budd, LCDR, SC, USN

79.13

Figure 9-9.—Vending Machine Control.

NAVY EXCHANGE

Navy exchanges are the department stores of the Navy and are located both inside the United States and at overseas bases. The mission of an exchange is to provide a convenient and reliable source from which authorized patrons may obtain, at the lowest practicable costs, articles and services required for their well-being and contentment; to provide through profit a source of funds to be used for the welfare and recreation of naval personnel; and to promote the morale of the command in which it is established through the operation of a well managed; attractive and serviceable exchange. Exchanges are operated under the management control of the Navy Resale System Office but differ from the Navy's other retail activities in that they do not receive Government funds or appropriations. They may use Government-owned buildings and equipment but all merchandise is bought with non-appropriated funds, and they are self-sustaining with respect to the payment of salaries of civilian employees, the payment for utilities, the maintenance of equipment, and the purchase of new equipment and operating supplies.

There are three types of exchanges; main exchange, branch exchange, and location exchange. The mission and the service provided are identical for all exchanges, and all are operated as separate departments within the command in which they are located. The three types of exchanges are explained below.

The main exchange normally performs all functions of procurement, warehousing, merchandising, sales, and accounting within its own organization.

The branch exchange is operated at naval activities as a branch of a main exchange in another command. All merchandise, supplies, and operating instructions are provided by the main exchange.

The location exchange is operated as a part of a main exchange at a different location within the same command or as a subdivision of a branch exchange at a different location but within the same command as the branch. The main exchange provides all merchandise, supplies, and operating instructions. The organizations of both a main exchange and a branch exchange are shown in figure 9-10.

Exchanges vary in size and in the number of retail and service departments they operate. However, the individual service departments which they are authorized to operate are:

Barbershop
Beauty Salons
Service station and automotive repair shops
Tailor and dry cleaning shop
Photography shop
Watch repair shop
Food services
Enlisted men's club
Guest Houses, hotels/motels
Laundry
Personnel services
Vending and amusement machines

A main exchange is operated as a separate department within a command, with an exchange officer as head of the department. He is responsible to the Navy Resale System Office through the commanding officer for operation matters pertaining to management control.

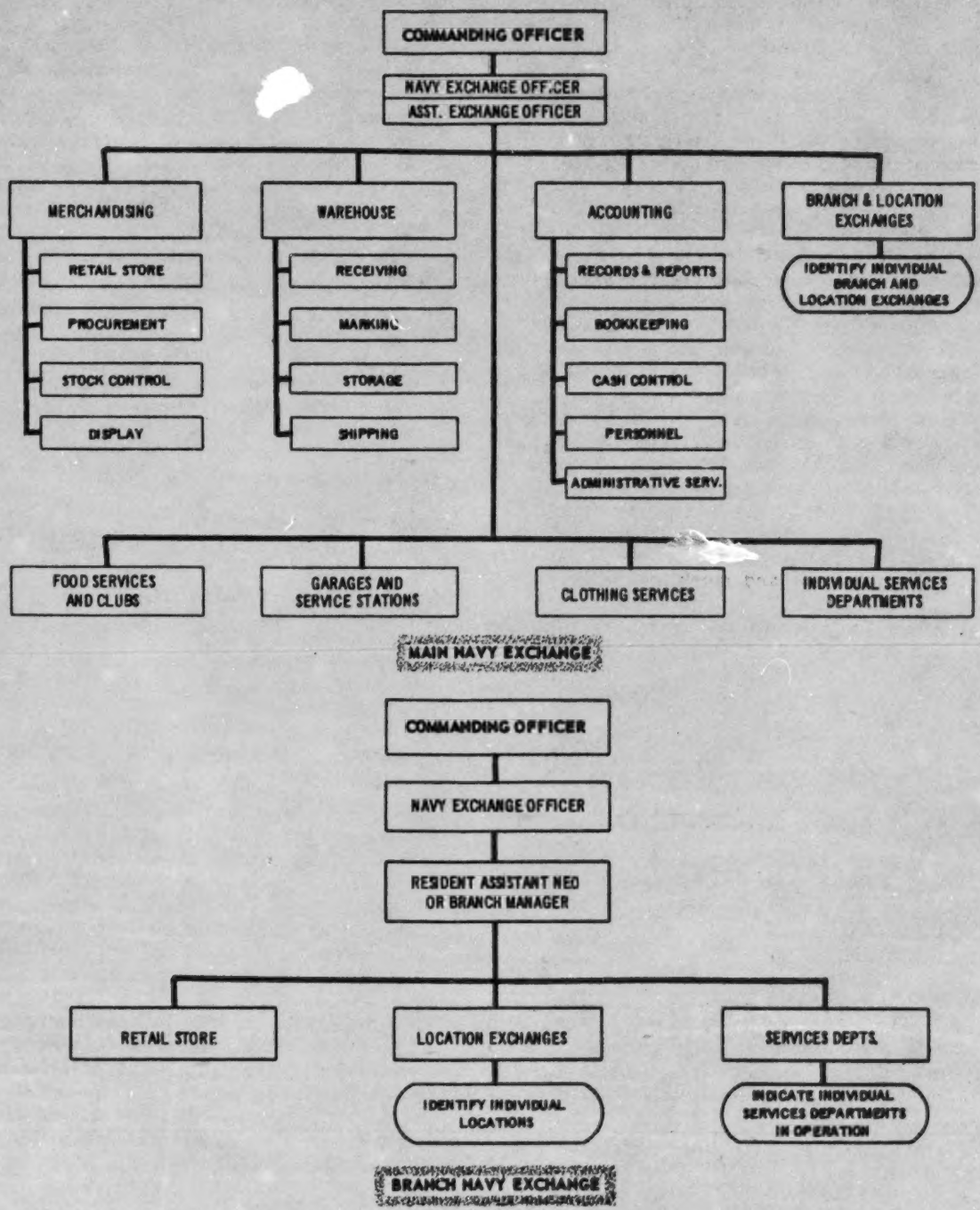
Enlisted personnel are not assigned to exchange operations except in remote locations where qualified civilians are not available or are not permitted; or where enlisted personnel are required for purposes of rotation and training and when approval has been obtained from the Secretary of the Navy. When assigned, enlisted personnel may serve in any capacity in any department of the exchange. Enlisted personnel may also be hired to work on a part-time basis in the fountain, snack bar, or enlisted men's club, provided the work is done outside their regular working hours and in addition to their regularly assigned duties. They are paid for this part-time work at an hourly rate, in the same manner as civilian employees.

COMMISSARY STORE

The commissary store is the supermarket of the Navy. Its primary mission is to provide a convenient source from which authorized patrons may obtain foodstuffs and other authorized items at the lowest practicable cost.

Commissary store stock is purchased by the Navy Stock Fund and carried in the Navy Stock Account (51000). Separate returns are rendered for each main commissary store.

When the operation of a naval activity requires facilities for the sale of subsistence items, the commanding officer of the activity may request authority to operate a commissary store. Requests for the establishment of a commissary store are submitted to the Secretary of the Navy and forwarded via the appropriate chain of command, the Navy Resale System Office, and the Naval Supply Systems Command.



10.12

Figure 9-10.—Basic Organization Charts—Main Navy Exchange and Branch Navy Exchange.

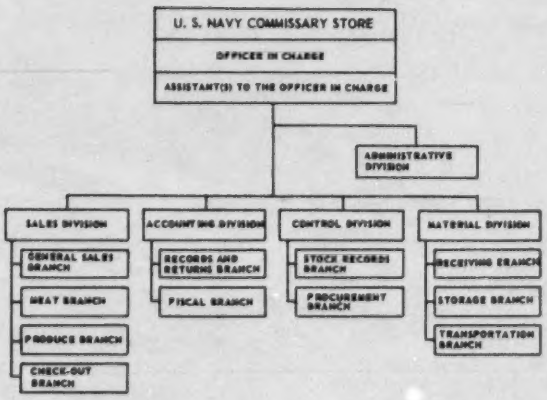
Figure 9-11 shows an organization chart of a commissary store. You will notice that in addition to the administrative division there are four operating divisions with their respective branches.

The administrative division performs personnel functions not otherwise provided for; maintains the required military and civilian personnel records; and performs mail, central files, correspondence, messenger, and other office services.

The sales division prepares and maintains convenient, attractive, and clearly marked displays of all items of merchandise; verifies sales permits and assists store patrons; maintains ready issue rooms; maintains assigned spaces; conducts physical inventory counts for retail stocks; and records sales.

The accounting division performs accounting and other required fiscal functions for the commissary store.

The control division maintains stock records; determines items and quantities of stock and supplies to be procured, determines sources and methods of procurement; and performs other procurement and stock control functions as required.



10.11

Figure 9-11.—Commissary Store Organization.

The material division receives, inspects, marks, stores, and transfers all stock, supplies and equipment; conducts inventory of warehouse stocks; operates assigned vehicles and materials handling equipment; and performs necessary janitorial services not assigned to other components of the commissary store.

The officer in charge of a commissary store is an officer of the Supply Corps detailed to this duty by the Chief of Naval Personnel. His duties include preparing and issuing orders and instructions, assigning and supervising personnel, maintaining proper stock levels, establishing selling prices, and making reports and returns.

In addition to the officer in charge, a commissary store is operated by enlisted personnel and civilian employees. All salaries (military and civilian) are paid out of appropriated funds and NOT from profits accruing from sales. Military personnel may be assigned to commissary stores only as authorized by the Chief of Naval Personnel and only for executive control and essential supervision; in locations where qualified civilians are not available; or as required for the purposes of rotation and training not available at other activities, with such determinations made only by the Chief of Naval Personnel.

Where circumstances do not warrant the establishment of a main commissary store, the establishment of a branch store may be requested. A branch store is a store operated at an activity under a command other than that of the main store. Request for the establishment of a branch store is forwarded via the commanding officer of the activity at which the main store is located. When the branch store is authorized, the resident assistant officer in charge, or other individual designated to be in charge of the branch store is delegated responsibility for all functions performed by personnel assigned to the branch store.

All control, material, and accounting functions are performed by the main store. No stock records are maintained by location or branch stores. These stores do, however, maintain cash register records and deposit cash collections either with the disbursing officer of the activity at which the branch store is located or with the main store.

CHAPTER 10
RETURNS

The term "ship's store returns" refers to two reporting forms that every ship's store must render to NFC, Cleveland, at the close of stated periods. These two forms are:

- Stores Balance Sheet (NAVCOMPT Form 153)
- Ship's Store Operating Statement (NAVSUP Form 234)

These forms, with their supporting documents, must be submitted to the NFC within 15 days following the end of the applicable accounting period.

Returns serve the following purposes:

- Establish property accountability.
- Furnish operational information to the Navy Resale System Office.
- Establish the basis for the analysis, segregation, and presentation of appropriation and cost accounting charges.

This chapter discusses the types of ship's store returns and the rules covering their submission; the steps necessary in preparing a set of returns, including inventory, posting inventory, closing the records, transfer of profits, preparing the operating statement and the balance sheet, assembling the returns and preparing them for mailing, and the records of these operations that are retained aboard your ship.

TYPES OF RETURNS AND THEIR SUBMISSIONS

There are two types of returns, four month returns, and merged returns. These are discussed below.

FOUR MONTH RETURNS

Ship's store returns must be submitted for four month periods ending 31 October, 28 or 29 February, and 30 June. Also, the accountable officer must prepare and submit a return for each of the following periods:

- At the end of the four month period, or for the interval from the date of assumption of duty through the last day of the period.
- Every four months thereafter, at the end of each four month period of the fiscal year.
- Upon relief of the accountable officer, from the first day of the four month period in which relieved through the date of relief.

MERGED RETURNS

If the total of the merged period covers one accountable officer and does not exceed five consecutive months, the return for a fractional period may be merged with the return for the previous or subsequent period upon written authorization of the commanding officer, with the following exceptions:

- The return for the period ending 30 June may not be merged with the return for the period beginning 1 July without approval from the Commander, Naval Supply Systems Command.
- Returns may be merged upon relief of the accountable officer when the merged period will not cover returns for two accountable officers.

When it is determined that the returns will be merged, one copy of the written authorization must be forwarded immediately to NRSO, and one to NFC, Cleveland. The original of the authorization must be included with the merged returns when submitted to NFC, Cleveland.

DELAY IN SUBMITTING

When returns cannot be submitted on or before the date required, a letter from the commanding officer explaining the reason for the delay and the anticipated mailing date must be forwarded to the appropriate type commander. A copy of this letter must be forwarded to NAVSUP, one to NFC, Cleveland, and one to NRSO.

COPY OF RETURNS TO NSCS

Two weeks prior to graduation, officer students at the Navy Supply Corps School, Athens, Ga., receive their orders to duty in the fleet. During the last two weeks of the course, study is concentrated on the specific assignments to which they have been ordered. To provide up-to-date documents with which to conduct this training, a copy of the following documents, for the accounting period ending 30 June must be forwarded via air mail to the Navy Supply Corps School, Athens, Ga.:

- Stores Balance Sheet, NAVCOMPT Form 153.
- Ship's Store Operating Statement, NAVSUP Form 234.

CLOSING OUT RECORDS

The NAVCOMPT Form 153 and the NAVSUP Form 234 are not the "monsters" they might appear to be. After the Journal of Receipts (NAVSUP Form 977), the Journal of Expenditures (NAVSUP Form 978), and the Financial Control Record (NAVSUP Form 235) are closed and balanced, preparation of the balance sheet and the operating statement consists of little more than the transferring of figures. The important thing is to maintain accurate records throughout the accounting period and if you do, preparing your returns will be simple, fast, and satisfying.

INVENTORY

The procedures for conducting an inventory, and the methods of posting the inventory to stock control records were covered in chapter 6. The procedures outlined covered the posting that is normally done when opening applicable stock control records. The procedures discussed in this section will deal with closing these same records.

As soon as the inventory has been completed, extended, and totaled (figure 10-1), it is used to close out records. The first to be closed out are the Financial Control Record and the stock records since the store must remain closed until these records are balanced. If an apparent error is discovered while closing these records, the inventory quantities can be rechecked.

CLOSING THE STOCK RECORD

The stock record is closed by posting the current inventory in both the storeroom and total balance columns and computing the quantity of items sold during the period. Figure 10-2 shows the applicable portion of the inventory sheet and the entries on the stock record. The total quantity of the item that was available for sale during the period is shown in the total balance column. The total inventory figure which is posted to the total balance column is the quantity unsold for the period. By subtracting the latter quantity from the first, the quantity sold is determined and entered on the stock record. The storeroom inventory should agree with the storeroom balance on the stock record. If it does not, the difference should be investigated since an error may have been made during inventory. Any discrepancies must be reported to the accountable officer.

E.T. MP 20 VR 3408

SHIP'S STORE INVENTORY
NAV. S. AND A. FORM 238 (REV. 12-56)

Page 19 of 19

DESCRIPTION	UNIT	RETAIL PRICE	QUANTITY: BULK	STORE NO. 1	STORE NO. 2	STORE NO. 3	VEND. MACH.	FOUNTAIN	TOTAL	COST PRICE	TOTAL INVENTORY AT COST	RETAIL PRICE: STORE NO. 1	STORE NO. 2	STORE NO. 3	COST PRICE: VEND. MACH.	FOUNTAIN
Mix, Ice Cream	LB	1	1080					20	1100	55	605 00					11 00
Nuts, Mixed Planters ½	TN	25	960	39					999	22	219 78	9 75				
Soap, Toilet, Lux	BR	07	1400	140					1540	06	92 40	9 80				
Syrup, Coca Cola	GL		73				1		74	1 40	103 60				1 40	
Syrup, Orange	GL		106						106	1 62	171 72					
Gas Co2	LB		50						50	05	2 50					
Soap, Powder, Laundry	LB		100						100	15	15 00					
Total this page											1358 80	36 19			1 40	11 00
Grand Total all pages											27,983 65	15132 68			49 76	332 65

I certify the bulk storeroom inventory to be correct by physical inventory this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Bulk". I also acknowledge receipt of a copy of this inventory.

R. Trout
R. TROUT, SH2

I certify the retail store inventory to be correct by physical count this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Store No. 1". I also acknowledge receipt of a copy of this inventory.

H. I. Price
H. I. PRICE, SH2

I certify the vending machine inventory to be correct by physical inventory this date, 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Vend.Mach." I also acknowledge receipt of a copy of this inventory.

V. Rupert
V. RUPERT, SH3

I certify the fountain inventory to be correct by physical inventory this date 28 Feb. 1970, and acknowledge custody of and hold myself responsible for the items listed on pages 1 through 19 in the quantities indicated in the column headed "Fountain." I also acknowledge receipt of a copy of this inventory.

D Brandon
D. BRANDON, SH3

I certify the combined inventory to be correct.

J. R. Booth
J. R. BOOTH, LCDR, SC, USN

U. S. GOVERNMENT PRINTING OFFICE : 1957 O - 615126

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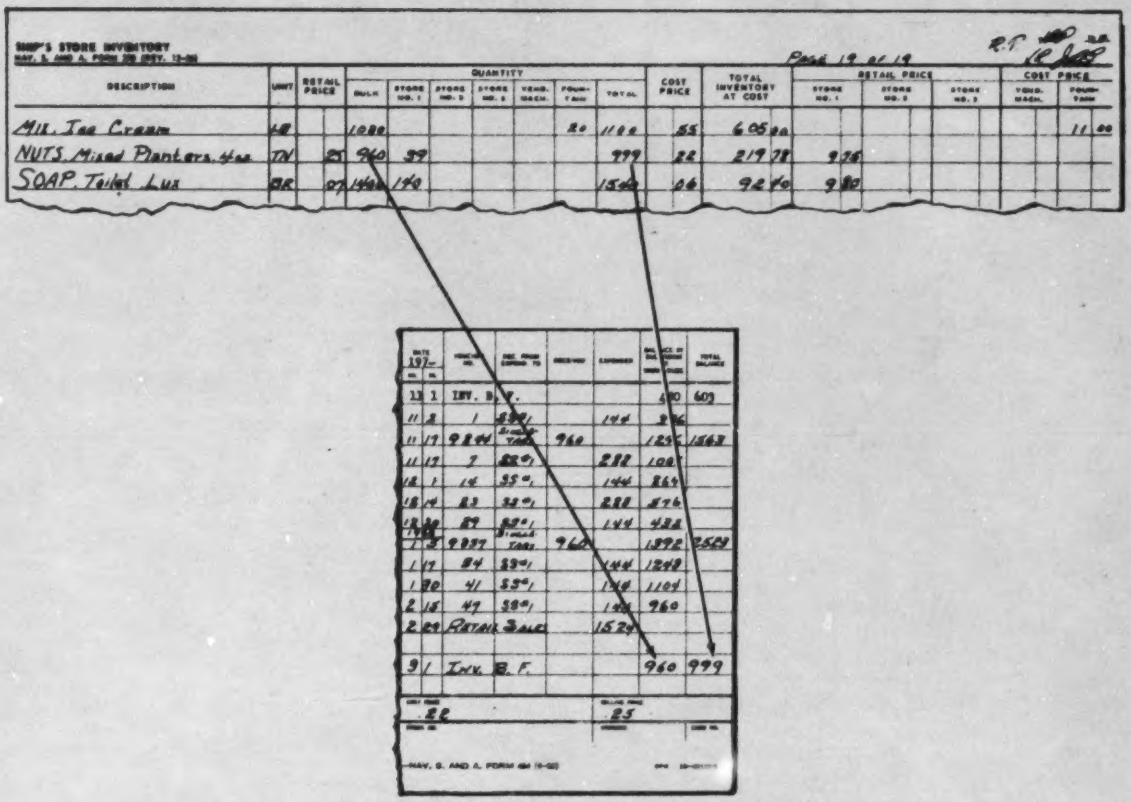
Figure 10-1.—Ship's Store Inventory, NAVSUP Form 238.



SHIP'S STORE INVENTORY
NAV. S. AND A. FORM 359 (REV. 12-58)

Page 19 of 19

DESCRIPTION	UNIT	RETAIL PRICE	QUANTITY BULK	QUANTITY STORE NO. 1	QUANTITY STORE NO. 2	QUANTITY STORE NO. 3	QUANTITY VEND. MACH.	QUANTITY POUNDAGE	QUANTITY TOTAL	COST PRICE	TOTAL INVENTORY AT COST	RETAIL PRICE STORE NO. 1	RETAIL PRICE STORE NO. 2	RETAIL PRICE STORE NO. 3	COST PRICE VEND. MACH.	COST PRICE POUNDAGE
Mlk. Ice Cream	GL		1080					20	1100	55	605 00					11 00
NUTS, Mixed Planters, 4oz	TIN	25	960	39					999	22	219 78	9 75				
SOAP, Toilet, Lux	BR	07	1440	140					1580	06	92 40	9 80				

DATE 197- MO.	DAY	VOUCHER NO.	REC. FROM OR ISSUED TO	RECEIVED	EXPENDED	BAL. QTY. OF ITEMS ON HAND THIS PAGE	TOTAL BALANCE
11	1	INV. B. F.				600	603
11	3	1			144	456	
11	17	9844	Ship's Store Afloat	960		1296	1563
11	17	7			288	1008	
12	1	14			144	864	
12	14	83			288	576	
12	30	89			144	432	
1	3	9887	Ship's Store Afloat	960		1392	2569
1	17	84			144	1248	
1	30	41			144	1104	
2	15	47			144	960	
2	29	RETAIL SALES			1529		
9	1	INV. B. F.				960	999
						88	
						25	

NAV. S. AND A. FORM 464 (9-62)

66.43.0:43.25

Figure 10-2.—Closing the Stock Record.

CLOSING THE FINANCIAL CONTROL RECORD

The Ship's Store Afloat Financial Control Record, NAVSUP 235, is shown in figure 10-3. The steps necessary to close out and balance the record follow.

NAV. S. AND. A. FORM 235 (REV. 12-56)

SHIP'S STORE AFLOAT FINANCIAL CONTROL RECORD

RETAIL PRICE — CLOTHING

DATE 197-	DESCRIPTION	STORE NO. 1 RECEIPTS	STORE NO. 1 EXPENDITURES	STORE NO. 2 RECEIPTS	STORE NO. 2 EXPENDITURES	STORE NO. 3 RECEIPTS	STORE NO. 3 EXPENDITURES	COST PRICE: VENDING MACHINES RECEIPTS	VENDING MACHINES EXPENDITURES	FOUNTAIN RECEIPTS	FOUNTAIN EXPENDITURES	COST OF OPERATION
11-1	INVENTORY BROUGHT FORWARD	9,865 40				2,923 38		56 00		200 10		
11-2	B/O #1	36 00										
11-2	ISSUE #2											(R) 12 40
11-4	MARKDOWN #4		2 25									
11-5	B/O #5	974 35										
2-28	ISSUES #29-28											(R) 73 50
	SALES		21,946 96				8,749 40		2,116 05		809 15	
	INVENTORY CARRIED FWD.		15,132 68				3,017 49		49 76		332 65	
	SUB-TOTAL	39,100 96	39,081 69			11,781 27	11,766 89	896 96	2,165 81	842 70	1,139 80	460 75
	DIFFERENCE		19 27				14 40	1,268 85		299 10		
	TOTAL	39,100 96	39,100 96			11,781 27	11,781 27	2,165 81	2,165 81	1,139 80	1,139 80	460 75
	RETAIL STORE:				VENDING MACHINE:				COST OF OPERATIONS:			
	SHORTAGE	19 29 (.09%)			COST OF SALES	849 20			VENDING MACHINE			141 64
	CLOTHING STORE:				GROSS PROFIT	1,268 85	(60%)		MATERIAL			319 11
	SHORTAGE	14 40 (.16%)			FOUNTAIN PROFIT	299 10	(37%)					460 75
	FORWARD											

43.21

Figure 10-3.—Closing the Financial Control Record.

NAV. S. AND A. FORM 235 (REV. 12-56) — SHIP'S STORE AFLOAT FINANCIAL CONTROL RECORD

DATE 197_	DESCRIPTION	RETAIL PRICE — CLOTHING											
		STORE NO. 1				STORE NO. 2				STORE NO. 3			
		RECEIPTS		EXPENDITURES		RECEIPTS		EXPENDITURES		RECEIPTS		EXPENDITURES	
11-1	INVENTORY BROUGHT FORWARD	9,865	40							2,923	38		
11-2	B/O #1	36	00										
11-2	ISSUE #2												
11-4	MARKDOWN #4			2	26								
11-5	BREAKOUT #5	974	35										
2-28	ISSUE #21-28												
	SALES			21,946	76							8,749	46
	INVENTORY CARRIED FWD.			15,132	68							3,017	47
	SUB-TOTAL	37,100	96	37,081	69					11,781	27	11,766	87

First, let's consider the retail price portion of the record. In the illustration, this includes two stores, store number 1 and store number 3 (clothing store). All entries in these columns are made at retail price. Thus, the beginning inventory plus receipts represents the operator's accountability for salable material. Entries in the expenditure column, also at retail value, reduce his accountability. If you will look back at figure 10-1, you will see that the inventory for store number 1 was computed at retail price and represents unsold material still in the store. Sales made during the period are posted as an expenditure since the cash was turned over to the disbursing officer and is no longer the responsibility of the operator. If no mistakes had been made during the period, the receipts and expenditures columns would be in balance. As you can see, this is not the case, since in both stores, the receipts totals are greater than the expenditure totals, shortages exist. The amounts of the shortages are computed ($37,100.96 - 37,081.69 and $11,781.27 - 11,766.87) and the differences entered in the appropriate columns.

	SUB-TOTAL	37,100	96	37,081	69					11,781	27	11,766	87
	DIFFERENCE			19	27							14	40
	TOTAL	37,100	96	37,100	96					11,781	27	11,781	27

The retail store operator must strive at all times to prevent shortage or overage. However, the probability of error is recognized, and NAVSUP P-487 provides guidelines for handling shortages and overages. The methods of reporting gains or losses are covered later in this chapter.

NAV. S. AND A. FORM 235 (REV. 12-56)

DATE 197_	DESCRIPTION	COST PRICE — VENDING MACHINES				COST PRICE — FOUNTAIN				COST OF FOUNTAIN
		RECEIPTS		EXPENDITURES		RECEIPTS		EXPENDITURES		
11-1	INVENTORY BROUGHT FORWARD	56	00			200	10			
11-2	B/O #1									
11-2	ISSUE #2									(L) 12 40
11-4	MARKDOWN #4									
11-5	BREAKOUT #5									
2-28	ISSUE #27-28									460 75
	SALES			2,116	05			807	15	
	INVENTORY CARRIED FWD.			49	76			332	65	
	SUB-TOTAL	896	96	2,165	81	842	70	1,139	80	460 75

Figure 10-3.—Closing the Financial Control Record—Continued. 43.21

The cost price portion of the Financial Control Record includes the vending machine, fountain, and cost of operations. Since the posting and closing of the vending machine and fountain columns are similar, both of them are discussed together. As the title implies, all transactions in this portion are posted at cost. Thus the beginning inventory plus receipts represents the cost value of all material available for sale during the period. Expenditure postings include surveys, transfers, and the ending inventory and reduce the total value of material sold. Total sales are also posted to the expenditure column as they were for the ship's store and clothing store. But, unlike the ship's store and clothing store, when these columns are totaled, you should have a large difference. The difference represents the gross profit for the store, and it is computed and entered in the appropriate columns.

	SUB-TOTAL	896	96	2,166	81	847	70	1,139	80	460	75
	DIFFERENCE	1,268	85			297	10				
	TOTAL	2,165	81	2,165	81	1,139	80	1,139	80	460	75

VENDING MACHINE:			
	COST OF SALES	847 20	
	GROSS PROFIT	1,268 85	(60%)
FOUNTAIN PROFIT:		297 10	(37%)

Vending Machine cost of sales is computed by subtracting the ending inventory and any other expenditures (except sales) from the total of the receipts column. In this case, $896.96 - 49.76 to give the cost of sales of $847.20. The difference (gross profit) is then divided by the sales to figure the percentage of profit.

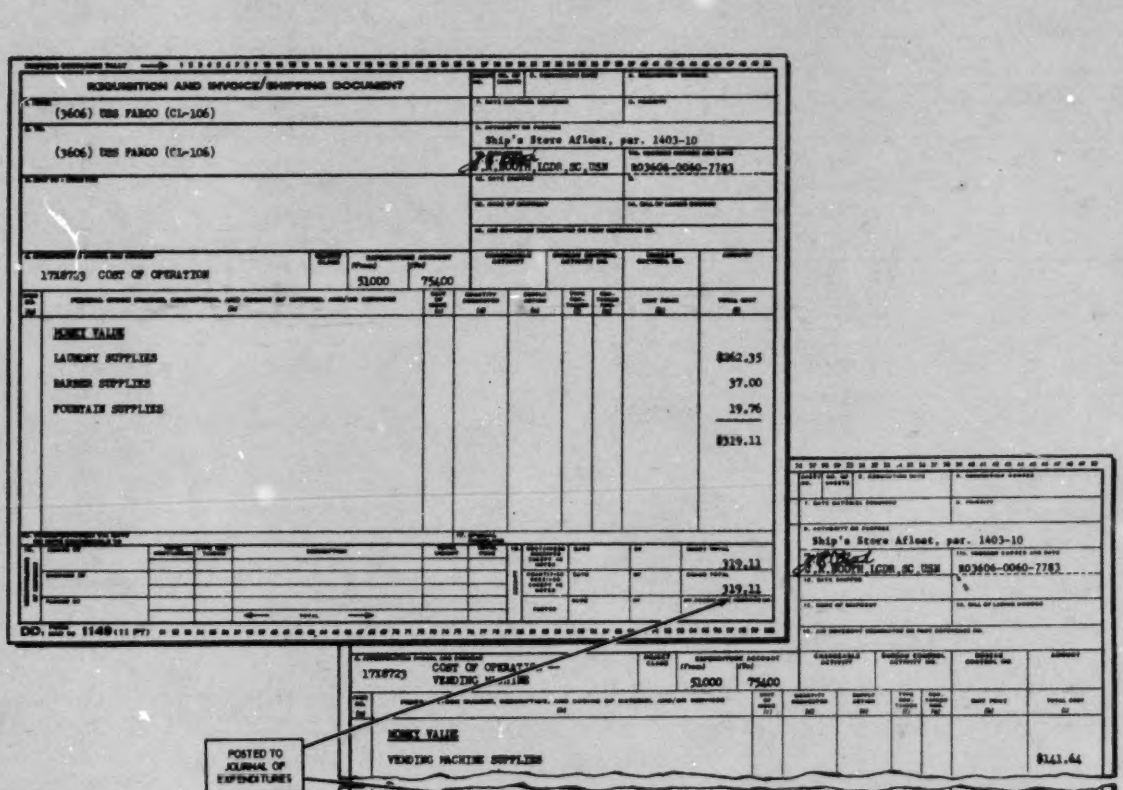
The fountain profit percentage is figures the same way, but it is not necessary to compute the cost of sales.

COST OF OPERATION:			
	VENDING MACHINE	141	64
	MATERIAL	319	11
		460	75

A recap of cost of operations is prepared covering all material posted to the cost of operation column. All entries in this column are considered expenses for the accounting period and are not inventoried. The cost of vending machine operations is stated separately since it must be reported on a separate line in the Operating Statement.

Invoices are prepared to cover the cost of operations which were recapped on the Financial Control Record—one invoice for vending machine, and one for all other costs. Sample invoices are shown in figure 10-4. The total value of each invoice is posted to the Journal of Expenditures.

Figure 10-3.—Closing the Financial Control Record—Continued.



43.3

Figure 10-4.—Cost of operations invoices.

CLOSING THE JOURNAL OF RECEIPTS

Closing the Journal of Receipts is simple; it involves only totaling each column and preparing a Recap of Receipts as shown in figure 10-5. The totals for both categories must agree. It is a good idea at this point to check your receipts files to ensure that all documents have been entered and that the amounts were entered correctly.

CLOSING THE JOURNAL OF EXPENDITURES

The initial entry in the Journal of Expenditures, NAVSUP 978, shown in figure 10-6, is the first expenditure document of the accounting period. All transactions occurring during the accounting period, which reduce the overall accountability for ship's store and clothing stock, are entered in this journal. These include surveys, transfers, and markdowns below cost and should be entered as they occur.

It is now necessary to enter several cost elements in order to arrive at the cost of merchandise sold in the ship's store and to figure the net profit for the period. Most of these elements have already been computed in previous steps.

The two invoices prepared to cover the cost of operations for the vending machine and other material are posted to the journal. The other entries are explained below:

LOSS BY INVENTORY—CLOTHING: This is an add on "caption" and must equal the total amount of clothing items lost by inventory. This amount must be documented on a DD Form 1449. Gains by inventory of clothing items are reported on the NAVSUP 977.

COST OF SALES—VM: This figure is taken from the recap on the Financial Control Record.

COST OF SALES—RETAIL: This figure is computed after the other entries have been made.

CLOTHING SALES—STANDARD PRICE: Since clothing is received and expended (sold, transferred, or surveyed) at standard prices

JOURNAL OF RECEIPTS

Period: 28 February 1970 PAGE 1 OF 1

DATE RECEIVED	RECEIVING NO.	ORDER OR REQ'N NO.	RECEIVED FROM	INVOICE OR INSPECTION REPORT NO.	SHIP'S STORE: FROM OTHER S.O.'S	SHIP'S STORE: PURCHASES	SHIP'S STORE: OTHER SOURCES	CLOTHING: FROM OTHER S.O.'S	CLOTHING: PURCHASES	CLOTHING: OTHER SOURCES	DATE FORWARDED FOR PAYMENT
11-1-69	INV.	Brought	Forward				26,352 81			10,500 41	
11-17-69	1	9783	NSC Oakland					96 00			
11-17-69	2	9844	Singletary			211 20					
2-28-70			TOTAL			23,772 60	26,352 81	6779 75		10,500 41	

RECAP of RECEIPTS:

SHIP'S STORE	50,124.81
CLOTHING	17,280.16
TOTAL	67,404.97
PURCHASE	23,772.60
030	6,779.75
OTHER	36,852.62
TOTAL	67,404.97

TOTALS

43.19

Figure 10-5.—Closing the Journal of Receipts, NAVSUP 977.

JOURNAL OF EXPENDITURES
NAV. S. AND A. FORM 978 (REV. 2-61)

ACCT.G PERIOD (QUARTER ENDING) 28 February 1970

DATE 1969	INVOICE NO.	EXPENDED TO	SHIP'S STORE: TO OTHER S.O.'S	SHIP'S STORE: OTHER EXPENDITURES	CLOTHING: TO OTHER S.O.'S	CLOTHING: OTHER EXPENDITURES
11-8	7312-7615	Surrey		14 50		
11-34	7328-7708	Trans. to E.G. Small (DDR-838)	80 00			
1970 1-4	4	Markdown #4		3 06		
1-15	8015-7764	Trans. to DD-846			64 00	
2-28		Cost of Operation: Material		319 11		
		Cost of Operation: VM		141 64		
		Loss by Inventory - Clothing				14 40
		Cost of Sales: VM		547 20		
		Cost of Sales: Retail		20,735 65		
		Clothing Sales: (standard price)				8,749 40
		Inventory Carried Forward		27,983 65		8,452 36
		Total	80 00	50,044 81	64 00	17,216 16
		Recap of Expenditures:				
		Ship's Store 50,124.81				
		Clothing 17,280.16				
		Total 67,404.97				
		OSO 144.00				
		Other 67,260.97				
		Total 67,404.97				
		TOTALS				

COMPUTED FROM NAVSUP FORM 235

FORCED

MUST AGREE WITH TOTALS REPORTED ON NAVSUP FORM 977

43.20

Figure 10-6.—Closing the Journal of Expenditures, NAVSUP 978.

and no profit is realized, the cost of sales is the same as the sales figure.

INVENTORY CARRIED FORWARD: This is the total ship's store inventory at cost price and the clothing inventory at standard price, and is entered from the inventory sheets.

You are now ready to compute the cost of sales—retail. This is called a "forced" figure since you must use other, known amounts to arrive at an unknown, and is based on the following formula:

> Beginning inventory plus receipts equals ending inventory plus expenditures.

All expenditure amounts for ship's store are added together and subtracted from the Recap of Receipts—Ship's Store on the Journal of Receipts.

$50,124.81
- 29,389.16
$20,735.65

This amount is now entered in the Journal of Expenditures, and all columns totaled.

A Recap of Expenditures is then prepared similar to that on the Journal of Receipts. The totals for both categories must agree, and they must be identified to the Recap of Receipts totals.

PREPARATION OF RETURNS

You are now ready to prepare the Ship's Store Operating Statement, NAVSUP 234, and Stores Balance Sheet, NAVCOMPT 153. The purposes of these forms are pretty well defined by their titles. The Operating Statement is the profit or loss statement, on which you report the total income from sales, the cost of sales, and other operating expenses to arrive at the net profit for the period. The Balance Sheet accounts for receipts and expenditures of ship's store stock and establishes the current value of stock. The amounts reported on these statements are taken from the Financial Control Record, Journal of Receipts, and Journal of Expenditures.

SHIP'S STORE OPERATING STATEMENT

A completed Ship's Store Operating Statement is shown in figure 10-7. Not all lines on the report are used since they represent types of transactions which have not been discussed. The heading contains the beginning and ending dates of the accounting period and the forecasted sales for the new accounting period.

ENTRIES EXPLAINED

To make it easier for you to follow the steps necessary in preparing the Operating Statement, portions of the form are reproduced on the following pages and the entries explained.

7330.5

SHIP'S STORE OPERATING STATEMENT
NAV S. AND A. FORM 234 (REV. 7-62)

REPORT PERIOD: 1 November to 28 February 1970

(3606) USS FARGO (CL-106)

SHIP'S STORE SALES FORECAST: 1 MAR to 30 JUN 1970 — $35,000.00

ACCOUNTING PERIOD

CASH RECEIPTS	1. Sales, per Cashbook		$ 31,503.31	
	2. Excise tax			
	3. Net cash from sales			$ 31,503.31
COST OF SALES	4. Bulk sales	$		
	5. Clothing sales	8,749.40		
	6. Total		8,749.40	
	7. Net cash from sales other than bulk and clothing			22,753.91
	8. Retail sales		20,725.65	
9. GROSS PROFIT				2,018.26
OPERATING EXPENSES	10. General Fund assessment @ 1½ %	341.31		
	11. Cost of operation — contract	319.11		
	12. Surveys to profits	14.50		
	13. Markdowns below cost	3.06		
	14. Laundry claims			
	15. Laundry and dry-cleaning service charges			
	16. Other service charges			
	17. Total operating expenses		677.98	
18. OPERATING PROFIT				1,340.28
19. VENDING MACHINE PROFIT			1,127.21	
20. TOTAL OPERATING PROFIT				2,467.49
DEFERRED ITEMS	21. Excess profits			
	22. Equipment			
	23. Loan repayments			
	24. Total expenditures			
25. TOTAL NET PROFIT				2,467.49
RECEIPTS OTHER THAN SALES	26. Funds brought forward	1,844.16		
	27. Contributions to Ship's Store profits			
	28. MSO loans/grants			
	a. Loan (Authority:)			
	b. Grant (Authority:)			
	c. Miscellaneous			
	29. Surveys chargeable to General Fund			
	30. Total		1,844.16	
31. TOTAL FUNDS AVAILABLE FOR TRANSFER TO RECREATION FUND				4,311.65
FUNDS TRANSFERRED	32. To Recreation Fund			
	a. PV# 169 dated 8 NOV 1969	1,844.16		
	b. PV# dated			
	c. PV# dated			
	d. PV# dated			
	e. Total		1,844.16	
33. FUNDS CARRIED FORWARD				2,467.49
NOT CASH ITEMS	34. Receipts, per Cashbook		$ 2,116.05	$
	35. Cost of sales	$ 847.20		
	36. Cost of operation	141.64		
	37. Surveys to profits			
	38. Total		988.84	
39. NET PROFIT — TO BE ENTERED ON LINE 19				1,127.21

I CERTIFY that the above statement of operations is correct to the best of my knowledge and belief.

ACCOUNTING OFFICER (Typed name and rank): J. R. BOOTH, LCDR, SC, USN
Signature: J. R. Booth
Date: 6 MAR 1970

RATE OF ASSESSMENT VARY—SEE NAVSUP P-487

43.22

Figure 10-7.—Ship's Store Operating Statement, NAVSUP 234.

CASH RECEIPTS	1. Sales, per Cashbook (Include excise tax; exclude soft-drink vending machine sales)		$ 31,503.31	$
	2. Excise tax			
	3. Net cash from sales (L. 1 – L. 2)			31,503.31

Total sales may be computed from the Financial Control Record or the memorandum cash sales invoices for the accounting period. (The cash sales invoices must in all cases correspond with the entries in the disbursing officer's cashbook). In either case, it is the total sales in the ship's store, clothing store, and fountain. Sales from the soft-drink vending machines are not included in this figure.

COST OF SALES	4. Bulk sales (Cost price)	$		
	5. Clothing sales (Standard price)	8,749.40		
	6. Total (L. 4 + L. 5)		8,749.40	
	7. Net cash from sales other than bulk and clothing (L. 3 – L. 6)			22,753.91
	8. Retail sales (Excluding bulk, clothing, and soft-drink vending machine sales)		20,735.65	
9. GROSS PROFIT (L. 7 – L. 8)				2,018.26

The purpose of this section is to deduct those sales that do not produce profit. Bulk sales (line 4) are sales made to other Government agencies at cost price. Clothing is sold at a standard price and therefore does not produce profit. Line 7 is the net cash sales which produce profit. To compute the gross profit, the cost of retail sales is taken from the Journal of Expenditures and deducted from net cash sales. At this point, the ship's store shows a gross profit of $2,018.26.

OPERATING EXPENSES	10. General Fund assessment (1½ % of L. 7)	$ 341.31		
	11. Cost of operation – material	319.11		
	12. Surveys to profits (Except vending machines)	14.50		
	13. Markdowns below cost	3.06		
	14. Laundry claims			
	15. Laundry and dry-cleaning service charges			
	16. Other service charges			
	17. Total operating expenses (Sum of Ls. 10 thru 16)		677.98	
18. OPERATING PROFIT (L. 9 – L. 17)				1,340.28

RATE OF ASSESSMENT VARY--SEE NAVSUP P-487

Operating expenses are now deducted from the gross profit. All of these items, except for the General Fund assessment, are taken from the Journal of Expenditures. The General Fund assessment in this case is figured by taking 1-1/2 percent of net sales ($22,753.91 x 1-1/2% = $341.31). The assessment percentage to be taken depends on the ship's allowance. It varies from 1-1/2% to 2-1/2% (see NAVSUP P-487) of total sales. All expenses are totaled and deducted from gross profit, giving an operating profit of $1,340.28.

SOFT DRINK VENDING MACHINES	34. Receipts, per Cashbook		$ 2,116.05	$
	35. Cost of sales	$ 847.20		
	36. Cost of operation	141.64		
	37. Surveys to profits			
	38. Total (Sum of Ls. 35 thru 37)		988.84	
	39. NET PROFIT – TO BE ENTERED ON LINE 19 (L. 34 – L. 38)			1,127.21

We now skip to the bottom of the report and figure the net profit on the soft-drink vending machine. Total sales, from the Financial Control Record or memorandum cash sales invoices, are entered on line 34. The cost of sales and cost of operation are entered from the Journal of Expenditures on lines 35 and 36. The total expenses are then deducted from sales to give the net profit of $1,127.21 shown on line 39.

19. VENDING MACHINE PROFIT (From L. 39)	1,127.21	
20. TOTAL OPERATING PROFIT (L. 18 + L. 19)		2,467.49

The vending machine profit is entered on line 19 and added to operating profit for total operating profit.

EXPENDITURES	21. Excess profits (L. 18 – 15% of L. 8)	$		
	22. Equipment			
	23. Loan repayments (Bal. begin'g of Qtr: $; Bal. end of Qtr: $)			
	24. Total expenditures (Sum of Ls. 21 thru 23)			
25. TOTAL NET PROFIT (L. 20 – L. 24)				2,467.49
RECEIPTS OTHER THAN FROM SALES	26. Funds brought forward (L. 33, previous Statement)	$ 1,844.16		
	27. Contributions to Ship's Store profits			
	28. NSSO loans/grants			
	a. Loan (Authority:			
	b. Grant (Authority:			
	c. Miscellaneous			
	29. Surveys chargeable to General Fund			
	30. Total (Sum of Ls. 26 thru 29)		1,844.16	
31. TOTAL FUNDS AVAILABLE FOR TRANSFER TO RECREATION FUND (L. 25 + L. 30)				4,311.65

To determine if excess profits were realized (line 21), multiply the cost of retail sales (line 8) by 15 percent.

$20,735.65
x 15%
$3,110.3475 or $3,110.35

Had the operating profit on line 18 exceeded this amount, the excess would be entered on line 21. Any amounts entered in this section would be deducted from line 20 to give the total net profit.

Line 26, which is the funds brought forward from the last accounting period plus any other receipts in this section, is added to the total net profit. Line 31 is the funds available to the commanding officer for use in the recreational program of the ship.

FUNDS TRANSFERRED	32. To Recreation Fund a. PV# 169 dated 8 NOV 1970	$ 1,844.16		
	b. PV# dated			
	c. PV# dated			
	d. PV# dated			
	e. Total		1,844.16	
33. FUNDS CARRIED FORWARD (L. 31 – L. 32e)				2,467.49

On 8 November, public voucher #169 was prepared transferring the profits of the previous period to the recreation fund. This amount is deducted from line 31. Line 33, funds carried forward, is the amount of money presently available and may be transferred to the recreation fund as directed by the commanding officer. This total will also appear on line 26 of the Operating Statement for the following accounting period.

NAVSUP P-487

The preceding discussion on the 234 touches upon all of the items mentioned in our illustrated set of returns; however, you should refer to NAVSUP P-487 for a more complete explanation of the captions discussed, and a description of the ones that were not mentioned.

Reporting Gains and Losses on NAVSUP 234

All gains and losses must be declared on the reverse of the NAVSUP Form 234 at the close of the accounting period in which the gain or loss occurred. For example:

STORE	SALES	DIFFERENCE	% OF SALES
#1 (Self-service)	$32,325	-129.30	-.004
#2 (Over-the-counter)	5,251	+ 10.50	+.002
#3 (Over-the-counter)	8,995	- 26.98	-.003

Letter Report on Gains and Losses

The following gains or losses must be substantiated by a statement signed by the commanding officer in a letter report attached to the 234. The letter report must explain the probable cause of the gain or loss, the corrective action taken, and other pertinent data.

- Any gain or loss of a suspicious or recurring nature regardless of the money value.
- A gain or loss in an over-the-counter resale outlet in excess of 1% of sales or $200 whichever is the lesser amount.
- In self-service resale outlets (walk-in store) with sales of $20,000 or less per accounting period, a gain or loss in excess of 1% of sales.
- In self-service resale outlets with sales of over $20,000, a gain or loss in excess of 1/2% of sales or $500, whichever is the lesser amount.

TRANSFER OF PROFITS TO RECREATION FUND

After ship's store profits have been determined for the accounting period, they are transferred to the recreation fund custodian as directed by the commanding officer. Transfer of the entire profits is not mandatory and should not be made if the accountable officer considers that profits of the following period will not be sufficient to cover anticipated surveys, markdowns, or other losses.

When profits are to be transferred, a Public Voucher for Purchases and Services other than Personal. STD Form 1034, is prepared. The disbursing officer makes the payment and returns a copy of the voucher, as shown in figure 10-8 to the ship's store office. The copy is filed in the Returns file and submitted with the returns for the current accounting period.

STORES BALANCE SHEET

The completed Stores Balance Sheet, NAVCOMPT 153, for the accounting period ending 29 February 1968 is shown in figure 10-9. Notice that the form is divided vertically into two sections—receipts and expenditures. The information to be entered in these sections includes entries from the Journals of Receipts and Expenditures, respectively. Since this form is used by different types of activities to submit stores returns, not all lines are applicable to ship's store, and those portions marked out with heavy lines are not used.

Entries Explained

Most of the entries are self-explanatory. However, a brief description of some of the entries will make them more understandable.

MATERIAL GAINS: Inventory—This entry will show only the amount of gain by inventory of clothing items. Gains or losses in ship's store stock are reflected in the cost of sales figure and separate entries are not required.

FISCAL GAINS—This is usually used to report standard price adjustments to clothing prices.

WITH REIMBURSEMENT: TO USE—The value of ship's store stock that has been transferred to ship's use, with a charge to the ship's OPTAR, is reported on this line.

CASH SALES—This is the cost value of material expended in the Journal of Expenditures and reported on the Operating Statement. It includes

- Cost of sales—retail
- Cost of sales—bulk
- Cost of sales—clothing

Standard Form No. 1034
7 GAO 8000
1084-110-04

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION	DATE VOUCHER PREPARED	VOUCHER NUMBER
DEPARTMENT OF THE NAVY (3606) USS FARGO (CL-106)	20 March 1970 CONTRACT NUMBER AND DATE REQUISITION NUMBER AND DATE	178 PAID BY (3606) USS FARGO (CL-106) J. A. Hancock Symbol B3077 3/20/70

PAYEE'S NAME AND ADDRESS: Recreation Fund
USS FARGO (CL-106)
FPO, San Francisco 96601

DATE INVOICE RECEIVED
DISCOUNT TERMS
PAYEE'S ACCOUNT NUMBER
SHIPPED FROM | TO | WEIGHT | GOVERNMENT B/L NUMBER

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE COST	UNIT PRICE PER	AMOUNT (To be entered by Government)
		Disbursement of ship's store profits to the recreation fund The expenditure herein authorized is considered necessary (or desirable) for the recreation and amusement of personnel under my command (Art. 1975, N.R.). B. M. SCOTT CAPTAIN, USN COMMANDING OFFICER				$2,467.49
(Use continuation sheet(s) if necessary)		(Payee must NOT use the space below)			TOTAL	$2,467.49

PAYMENT: ☐ COMPLETE ☐ PARTIAL ☐ FINAL ☐ PROGRESS ☐ ADVANCE
APPROVED FOR = $
BY
TITLE
EXCHANGE RATE = $1.00
DIFFERENCES
Amount
(Signature)

SIGNATURE OF ACCOUNTABLE OFFICER

POSTED TO LINE 32 OF NAVSUP FORM 234

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.
20 March 1970 (Date) — J. R. BOOTH (Authorized Certifying Officer)[1] — LCDR, SC, USN (Title)

ACCOUNTING CLASSIFICATION (Appropriation Symbol must be shown; other classification optional)

Appropriation Symbol and Subhead	Object Class	Expenditure Account	Chargeable Activity	Bureau Cost, or Subsouth's Activity	Bureau Control No.	Subsouth's No.	Identification No.	Amount
17X8723	-	10001	23	2I	3606	75401		$2,467.49

I.R. No's.

PAID BY
CHECK NUMBER ON TREASURER OF THE UNITED STATES
CASH DATE
$
CHECK NUMBER ON (Name of bank)
PAYEE[2]

[1] When stated in foreign currency, insert name of currency.
[2] If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title.
[3] When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary" or "Treasurer", as the case may be.

PER
(Signature)

☆ U. S. GOVERNMENT PRINTING OFFICE: 1968 — 880—761

Figure 10-8.—Disbursement of ship's store profits to the recreation fund. 39.13a

STORES BALANCE SHEET
NAVCOMPT FORM 153 (Rev. 9-57)

ACCOUNT NAME AND EXPENDITURE ACCOUNT: USS FARGO (CL-106) 51000

REPORTING ACTIVITY AND ACCOUNTING NO: USS FARGO (CL-106) (3606)

PERIOD (From) 1 NOV 1969 (To) 28 FEB 1970

RECEIPTS	AMOUNT	SUBTOTAL	EXPENDITURES	AMOUNT	SUBTOTAL
WITH CHARGE:			WITH REIMBURSEMENT:		
Purchase	23,772.60		To use		
Manufacture			Manufacture		
APA		23,772.60	APA		
NSA			NSA		
Material turned into stores			Issues charged on pay records		
DO NOT USE			Issues not reported on separation		
			Cash sales	30,810.56	
			Scrap salvage and surplus sales		30,810.56
WITHOUT CHARGE:			WITHOUT REIMBURSEMENT:		
Material turned into stores			Department of Defense		
Department of Defense			Other Government Depts		
Other Government Department			Manufacture		
APA			APA		
NSA			NSA		
Manufacture			To use		
DO NOT USE			Donations		
			Repairs to stores		
			Other		
			Scrap salvage and surplus sales		
			DO NOT USE		
MATERIAL GAINS:			MATERIAL LOSSES:		
Survey			Survey Ship's Store		
Inventory Clothing			Inventory Clothing	14.40	14.40
FISCAL GAINS:			FISCAL LOSSES:		
Accounting adjustments			Accounting adjustments		
Other price adjustments			Other price adjustments		
Standard price adjustments			Standard price adjustments		
Purchase variance			Purchase variance		
TRANSFERS FROM OTHER SUPPLY OFFICERS	6,779.75	6,779.75	TRANSFERS TO OTHER SUPPLY OFFICERS	144.00	144.00
TOTAL RECEIPTS	30,552.35	30,552.35	TOTAL EXPENDITURES	30,954.56	30,968.96
OPENING INVENTORY Ship's Store	26,352.21		CLOSING INVENTORY Ship's Store	27,983.65	
Clothing	10,500.41	36,852.62	Clothing	8,452.36	36,436.01
TOTAL	67,404.97	67,404.97	TOTAL	67,404.97	67,404.97

I Certify that this Balance Sheet is correct to the best of my knowledge and belief.

SIGNATURE J. R. BOOTH, LCDR (SC) USN

Figure 10-9.—Stores Balance Sheet, NAVCOMPT 153. 19.52

- Cost of sales—vending machine
- Cost of operation—material
- Cost of operation—vending machine
- Surveys to profits
- Markdowns below cost

MATERIAL LOSSES: SURVEY—The value of surveys chargeable to the Navy Stock Fund and are reported separately for ship's store and clothing.

MATERIAL LOSSES: Inventory—Losses by inventory are reported only for clothing items.

FISCAL LOSSES—Reduction in clothing value due to standard price adjustments are reported in this section.

Adjustment of Previous Returns

When an adjustment of receipts is required because an estimated price (dummy invoice) was used to take up merchandise, the corrected priced invoice must be forwarded to NFC, in support of the adjusted amount recorded on the current Stores Balance Sheet (NAVCOMPT Form 153). The amount is documented on a DD Form 1149.

SUBSTANTIATING DOCUMENTS

NAVSUP P-487 contains charts that should be used as a guide in substantiating the figures reported on the Balance Sheet, and Operating Statement. Generally, each amount reported on the Balance Sheet (except the opening and closing inventories) must be supported by copies of the receipt and expenditure documents. Each document or group of documents, which represents a reported amount on the Balance Sheet, must be accompanied by an adding machine tape. The tape should be identified with the Balance Sheet caption, ship name and UIC, and date of the returns. These documents should then be assembled in the same sequence as the Balance Sheet captions.

In addition, the following documents must be submitted to support the Operating Statement.

- Original and one copy of the memorandum cash sales invoices for each month covered by and returns
- Copy of the voucher used to pay laundry claims, procure laundry or dry-cleaning services or other services or procure equipment
- Copy of voucher used to transfer profits to the recreation fund.

ARRANGEMENT AND DISTRIBUTION OF RETURNS

Documents are assembled and distributed as follows:

Stores Balance Sheet

- Original and one copy—, NFC, Cleveland
- Copy—, retained returns

Ship's Store Operating Statement

- Original and one copy, NFC, Cleveland
- Copy—retained returns
- Three copies—commanding officer

Substantiating documents are distributed in accordance with NAVSUP P-487. Figure 10-10 illustrates how ship's store returns should be arranged.

RETAINED RETURNS

After all documents are removed from the various holding files for submission with the original returns to NFC, Cleveland, the remaining documents that pertain to the just completed accounting period are filed with the retained returns. The exception to this is that the ending inventory must be filed in the accountability file for the next accounting period. The retained returns should be arranged in the same order as the original returns.

Retention and Disposal of Files and Records

The authority and procedures for the retention and disposal of files and records are prescribed in the publication, Disposal of Navy and Marine Corps Records.

SHIPPING INSTRUCTIONS

PACKING

Returns must be packed unfolded and flat. Usually a heavy corrugated fiber box specially stocked for this purpose is used. If this is not available, a light canvas container with sewn and waxed edges may be used. Wooden boxes may be used only if the returns are too heavy

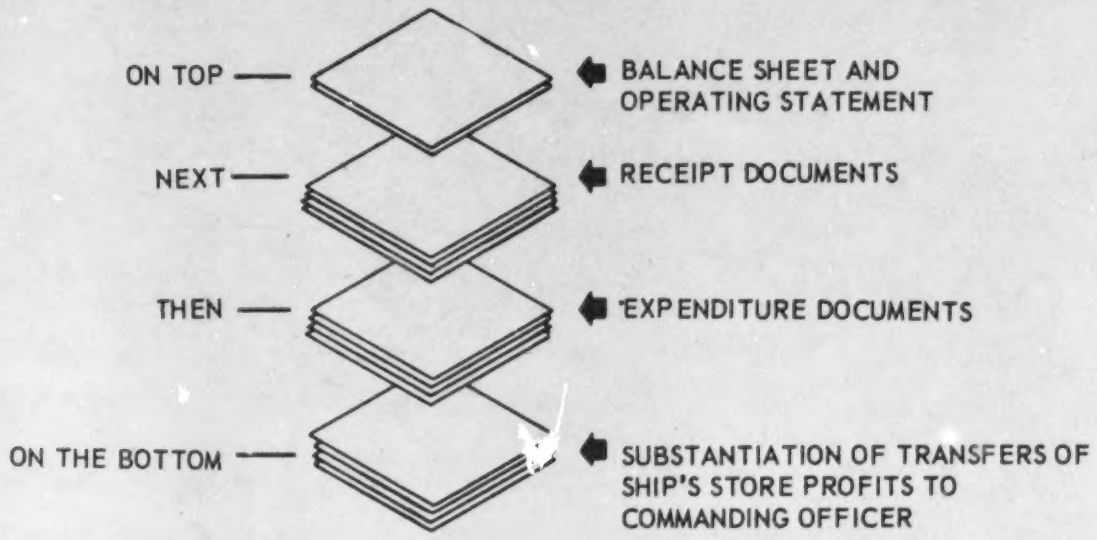


Figure 10-10.—Arrangements of ship's store returns.

or bulky for a fiber box. If returns are no larger than an ordinary letter, heavy envelopes may be used.

ADDRESSING

In all cases the address of the activity rendering the returns must appear in the upper left corner of each package. The name of the accountable officer, the name, and the UIC of the ship must be shown, under which must be: "Ship's Store Returns for period ending:_____19__", If two or more packages are used, the number of the package and a brief description of the contents must be shown on the last line.

SHIPMENT METHOD

Returns must be mailed to the Navy Finance Center, Cleveland, via certified mail.

FORWARDING LATE DOCUMENTS

Documents which are received subsequent to the forwarding of the returns for the period to which they relate must be forwarded immediately. These documents must be forwarded with a letter of transmittal, labeled to indicate the name of the accountable officer, the accounting period to which documents are applicable, the name, and UIC of the ship.

CHAPTER 11

SERVICE ACTIVITIES

As a SH3 (clerk), normally you will perform your duties in a retail outlet or the ship's store office. However, upon advancement to SH2, you may be assigned as the supervisor in one of the various service activities.

The purpose of this chapter is to acquaint you with the service activities operated by an afloat ship's store office so that you may properly supervise such an activity. The emphasis in this chapter is on management; the technical aspects of operating service activities are included in the Ship's Servicemen's Handbook, NAVPERS 10292, and are usually performed by specialist SH (barbers, cobblers, tailors, or laundrymen).

TYPES OF SERVICE ACTIVITIES

Afloat, when a ship's store has been established, the commanding officer may authorize the operation of any or all of the following service activities:

- Laundry
- Dry-cleaning facility
- Tailor shop
- Cobbler shop

As stated in chapter 9, the fountain, including the ice cream bar, the vending, and popcorn machines are also listed and officially defined as service activities. However, because of your position as a SH3 (clerk) in the ship's store organization, and for ease of study these were included in chapter 9.

BASIC MANAGEMENT POLICIES

Although each service activity has its own special features, all of them have some features in common. First, all are dedicated to service, and second, they all operate according to accepted principles of resale management. These principles are described in NAVSUP P-487, The Navy Exchange Manual, Ship Servicemen's Handbook, and instructions published by NRSO.

Prior to any discussion of any one of the above individual service activities we will briefly discuss certain procedures that are common to all service activities.

To be a successful Ship's Serviceman, you must have a good sense of management. Success in your specialty requires that you have an understanding of the basic policies governing the service activities. Let us take a look at some of these basic policies.

CUSTOMER RELATIONS

You should acquire the habit of doing quality work and of being fair and considerate. This habit will pay dividends in furthering your career and will do a great deal toward justifying the existence of the service activities.

Establishing good customer relations is of great importance. By turning out quality work, you can contribute significantly toward establishing these good relations. You should never sacrifice the quality of your work for the sake of more business. If the workload becomes too great, notify the supply officer or the ship's store officer so that corrective action can be taken.

Handling patron complaints can be a big problem; therefore, tact and consideration must be used. Above all, you should remain calm, because it is not possible to make a logical decision or follow a reasonable course of action when you are angry or upset. Even if the patron's complaint is not legitimate or justified, he at least deserves a courteous reply.

CHARGES

Usually, aboard ship, there are no charges for services performed in the service activities such as the laundry and the barbershop. When there are no charges, money to operate the service activities is derived from profits generated through vending machines and the retail activities.

There may, however, be cases where sufficient profits are not generated to cover the cost of operation of the service activities. If this is

the case, the commanding officer may direct cash collections to be made monthly to cover the cost of material used on the following basis:

Officers	$1.[illegible]
Midshipmen, cadets, and chief petty officers	.75
Other enlisted personnel	.35

These collections are usually made during the middle of the month payday by an officer designated by the commanding officer. These charges also cover tailor, dry cleaning, and cobbler services except that soles and heels, ribbons, gold lace, rating badges, and like materials are paid for by the individual patrons. Personnel on the money list for the middle of the month payday are charged full assessment; personnel arriving after pay day are not charged until the following months collection.

MAINTENANCE OF EQUIPMENT

Machinery and equipment in the service activities must be maintained to operate at a high degree of efficiency at all times. The Standard Navy Maintenance and Material Management System (3M) is the system that governs the maintenance of service activities machinery and equipment. Military Requirements Petty Officer 3 & 2, contains thorough coverage of the 3M system. Maintenance personnel are assigned from the applicable departments and no one other than those assigned is permitted to make repairs. The assigned maintenance personnel also assume independent responsibility for lubrication. Operating personnel may make only routine adjustments.

Inspection

The old adage, "an ounce of prevention is worth a pound of cure," can very well be applied to the requirement for a daily inspection of all machinery. Spend a few minutes each morning checking for loose bolts, nuts, parts, connections, belts, and the like. This may prevent a costly breakdown in terms of money and time in the future. This inspection is especially important afloat where machinery is subject to continuous ship vibration. A thorough inspection must also be made after firing the guns and upon completion of any structural tests of the ship. The performance of any piece of machinery is dependent upon its condition and the degree to which it is maintained and lubricated. You should, at the first indication of trouble or upon hearing unusual noises in any piece of machinery, notify the responsible maintenance personnel. This action may also prevent future serious trouble.

SANITATION

Sanitation regulations, approved by the senior member of the medical department, are posted in all service activities. They must be prominently displayed and rigidly enforced. The fountain, the barbershop, and the equipment and tools therein must be scrupulously clean. The personnel assigned must be clean and well groomed.

To ensure that these sanitary regulations are observed, the accountable officer makes an inspection of all the service activities at least once each working day. You will have no difficulty in preparing for these daily inspections if you have observed the sanitary regulations applicable to your space.

SAFETY

Specific safety precautions apply to each service activity and each type of equipment or tools used. These are covered in detail in each major section of the Ships Servicemen's Handbook. It may be your responsibility to see that lists of safety precautions are posted at appropriate locations and, most important of all, to see that they are enforced.

LAUNDRY

Due to time, space, equipment, and personnel limitations, laundry services usually are restricted to the following:

- Finished work on officer's and chief petty officers' uniforms (including shirts).
- Finished work on wardroom and sick bay linen.
- Rough dry work on all other items for officers and enlisted personnel.

Specific jobs for favored personnel are not permitted. They interfere with the weekly schedule and prevent rendering of service to the maximum number of personnel.

RECORDS

Records in the laundry are kept to a minimum. Usually they consist of records of work received, processed, and issued.

The crew's laundry which is received in bulk without a list, is logged IN and OUT on a record maintained for that purpose. When the laundry is completed, it is returned to the laundry petty officer. These issues should be logged out, and the initials of the person who receives the laundry should be noted in the log.

Individual bundles of laundry received from officers and chief petty officers should be accompanied with a laundry list. The Ship's Serviceman Handbook discusses in detail the procedure for handling individual bundles.

Accounting for Laundry Services

Charges are made for the laundry services performed for the sick bay when the charges for such services exceed a total of $25 per month. Charges of $25 or less per month are absorbed in the cost of operation. If the volume of laundry service warrants, records must be maintained to show the amount of work which is done by the laundry for the sick bay. Services are charged as follows:

- Ships of the Military Sea Transportation Service—Navy Industrial Fund, Functional Account 45000.
- Other ships of the Navy—Operation and Maintenance, Navy, appropriate Operating Budget (OB), and Functional Account 13000.

Additional instructions and information concerning services chargeable to operating allotments, and cabin passenger laundry are included in NAVSUP P-487.

DRY-CLEANING FACILITY

If your ship is large enough, you will most likely have a dry-cleaning facility. Its services should include dry cleaning and pressing of items of uniform apparel and dry cleaning of signal flags, blankets, and other special items. When facilities and personnel permit, services may be made available to personnel of other ships in the immediate vicinity.

Operation of a dry-cleaning plant is included in the duties of the Ship's Service Laundryman. For several reasons it is a type of duty where knowledge, experience, and responsibility are especially important. For one thing, the articles to be dry cleaned usually are both more easily damaged and more expensive than other items of clothing. This means that the man who cleans and presses them must understand fabrics and the effects upon them of various cleaning materials and processes. It means also that articles accepted for dry cleaning must always be clearly identified to ensure their return to the owner. Dry-cleaning equipment requires correct and careful handling to avoid breakdown that will deprive the ship of a much needed service. Also, dry-cleaning solvents and other supplies are chemicals that must be correctly and carefully handled, for the safety of plant personnel as well as to prevent damage to the articles cleaned. Even though your ship uses a nonflammable cleaning solvent, you can not afford to be careless. There is danger, for instance, from fumes of some solvents.

The Ship Servicemen's Handbook discusses the operation and administration of a dry-cleaning facility. It should be studied by all personnel assigned to this duty.

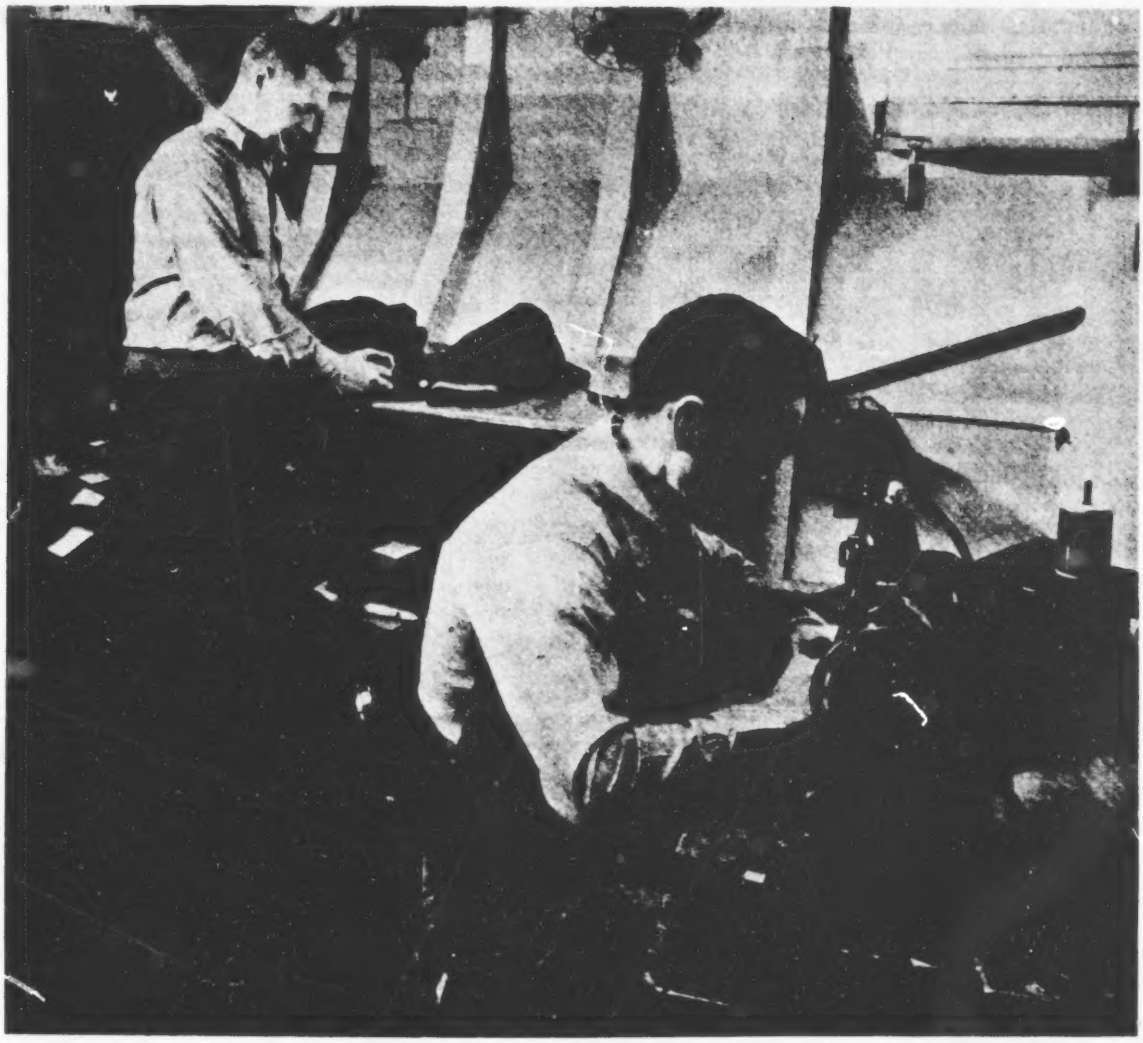
THE TAILOR SHOP

Just as in all the other service activities, the number of services performed in the tailor shop will be limited by personnel, space, equipment, and time. As a rule, each shop performs the basic duties of pressing, minor alterations, repairs, and the application of insignia. Unless the shop is large and well equipped, there should be no attempt to make major alterations or to do tailoring of articles. Special or luxury services for particular individuals should never be performed if they prevent the full distribution of the minimum services.

Most of the work in the tailor shop is divided into basic categories. These consist of hand sewing, machine sewing, and pressing. Figure 11-1 is a typical example of a shipboard tailor shop.

OPERATION OF PRESSES

Unless the workload is unusually heavy, the press in a shop should not operate all day. It may not always be necessary to conserve steam, but even so the press should not be turned on until a sufficient number of pressing jobs have accumulated to make it worth while. In tropical



43.16

Figure 11-1.—Tailor engaged in hand sewing and machine sewing.

areas, the limited span of time during which the press is working should be arranged so that it falls during the coolest hours of the day.

RECEIPT OF CLOTHES

If clothes are accepted only at certain hours and returned only at designated times, it should be possible to avoid being swamped with work. Occasionally a shop may choose not to follow the policy of accepting and returning clothes at previously specified hours. This may be done where there are enough strikers in the shop to handle the incoming and outgoing articles so that work on other garments is not interrupted.

CHARGES

Aboard ship, either the charges for tailoring may fall under the general collection made for

ship's store services or the service may be furnished free of charge. Under either system, gold lace, rating badges, and other new materials must be paid for individually.

RECORDS

Few records are required for tailor shops afloat. All you have to do is devise some method for keeping track of what is to be done and when it is to be finished. Records are most valuable when it comes to settling claims for articles lost or damaged. To keep a check on the work of the shop, a log of all receipts and deliveries should be maintained. An ordinary record book ruled into several columns may be used for this purpose. Unless your shop uses standard tailor tags, a signature must be obtained for every delivery of completed work.

THE COBBLER SHOP

Only larger ships have cobbler shops. Most shore stations provide for cobbler service, not only for station personnel but also for ships in their area. If no cobbler shop is operated in connection with the exchange, arrangements usually are made by the exchange officer for this work to be performed under contract.

The extent of the service rendered by the cobbler shop depends on the availability of equipment, the number of strikers, customer demand, and operating conditions. A cobbler shop aboard ship is expected to make basic shoe repairs—that is, apply half soles and heels. More extensive repairs are undertaken when conditions permit. Cobbler service ashore is governed largely by the same factors that govern service afloat.

MANAGEMENT

Shop management usually is vested in a head cobbler. If this is your responsibility, you must see that the shop is kept clean; organize the work; ensure proper identification of jobs; keep records; provide for sufficient materials so that the work can proceed without interruption; and display and stow materials.

Usually, the best way to organize the work in the shop is to arrange it so that it can be done in the shortest time possible. This involves analyzing the operations involved in each job and setting up a production line so that operations of a similar nature can be handled consecutively. In this way, several men may work on the same group of shoes, and the saving of time may be considerable. Of course, on ships where there is a small shop with only one or two men, each man will usually do a complete job rather than just one part of the work. In any case, the work should be performed in natural sequence since some jobs cannot be done until others have been completed.

Figure 11-2 is an example of a large shipboard cobbler shop.

RECEIPT AND DELIVERY OF SHOES

In the cobbler shop, as in other service activities, there should be definite hours for the receipt and delivery of the work. The hours when the shop is open for business should be prominently posted at all times. A system should be established to ensure that shoe work will be completed before liberty. Variations in the workload may occur from time to time. When this happens, a priority system prearranged with the supply officer or the ship's store officer, should be put into effect. In establishing this priority system, you should take into consideration the urgency of need and the morale involved.

When work is received in the shop, it should be examined carefully for all defects and then tagged. Use a standard identification tag with three sections. Each section of the tag has the same number printed on it. The lower portion of the tag is given to the customer. This is his claim check. Each remaining section is provided with eyelets so that it can be attached to a shoe. This prevents the mismating of shoes. In the event that only one shoe is received, both sections of the tag are attached to the single shoe.

RECORDS

Records kept in the cobbler shop vary. Afloat, only a simple record of supplies, along with some record that reflects work accomplished, is necessary. Inventory of supplies should be kept to a minimum, with withdrawals from the bulk storeroom kept to amounts necessary to sustain operations for a reasonable time.

CHARGES

Aboard ship, the only charge for work performed in the cobbler shop is for the price of materials used, such as soles and heels.

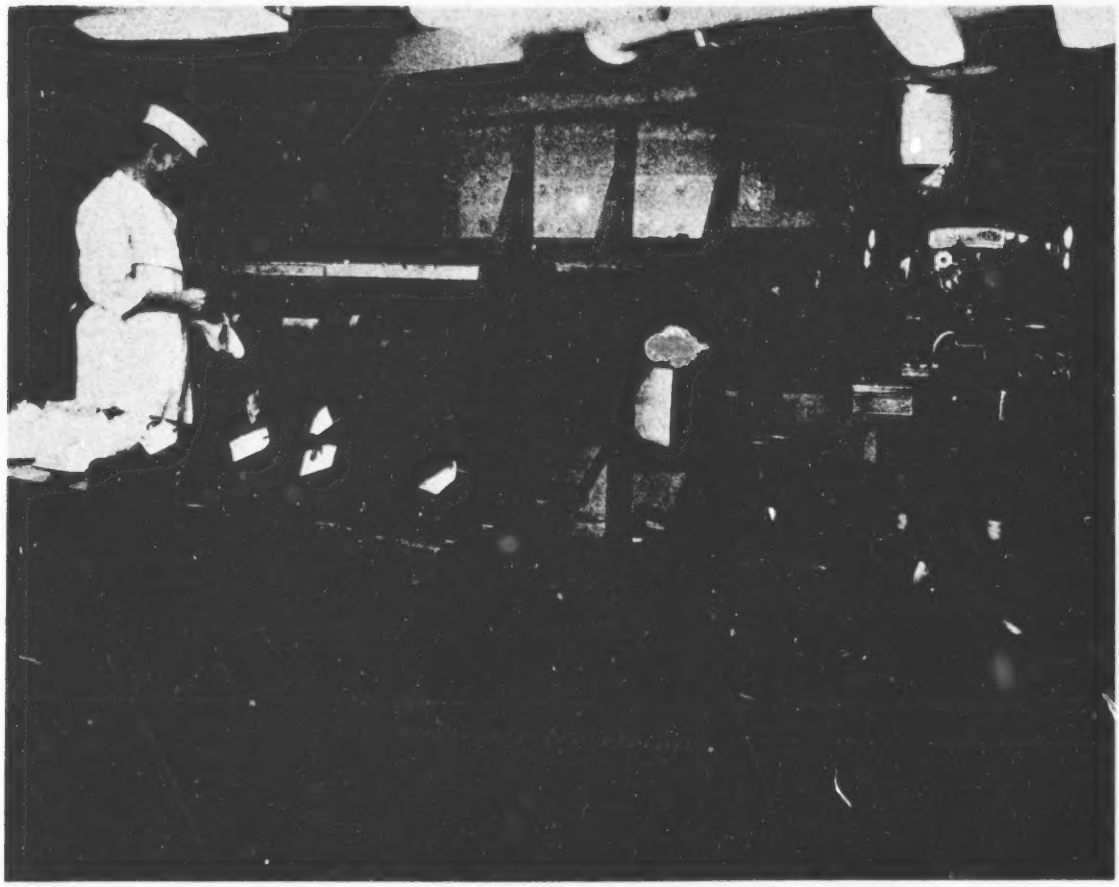


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Figure 11-2.—A typical cobbler shop found aboard an aircraft carrier.

THE BARBERSHOP

Down through the years, barbers have played an important role in the lives of Navy men ashore and at sea.

The basic services of the barbershop usually are limited to haircuts only, but other services may be authorized by your commanding officer when time, space, equipment, personnel to man the equipment, and other conditions permit. You will not be permitted to render any luxury services, however, unless these services can be rendered to everyone.

OPERATION

In the operation of the barbershop, you are subject to the same general rules and regulations as the other service activities, but because of the nature of your services, there are some special rules and regulations, as well, which must be strictly observed. These are:

- Barbers should be immaculately clean at all times.
- Each barber should wash his hands thoroughly with soap and hot water before attending a patron.

- Barbers should be clean shaven and should keep their hair neatly cut and groomed. Their nails should be clean and well trimmed at all times.
- Any barber with an infectious sore or a disease of a communicable nature should not attend patrons.
- Barbers should not smoke while attending patrons.
- Each barber should wear a clean, well-pressed, white barber's jacket and white trousers at all times while he is in the shop.
- Each barber should be examined monthly by the medical officer.
- Every barbershop must have continuous hot and cold water available.
- All metal instruments not in use should be placed in the sterilizing cabinets, which are maintained sterile by pouring formaldehyde on a borax sprinkler blotter.
- Clipper heads should be sterilized after being used on anyone suspected of having an infectious skin condition.
- Combs should be used in rotation. After each comb is used, it should be immersed in the sterilizing solution. Another comb should be used on the next patron.
- Strops and hones should be kept clean at all times.
- No razor should be stropped or honed without having been previously sterilized.
- No alum or other astringent in stick form should be used on any patron.
- All tools and implements should be kept thoroughly clean and sterilized at all times.

Figure 11-3 illustrates a typical barbershop found on the larger type ships. Notice the sterilizing cabinets, sink with hot and cold running water, containers for sterilizing combs, an ample supply of linen, and the overall neatness and general good order of the shop.

MANAGEMENT

Management of the barbershop is usually vested in the senior man. If you are the senior man, among your chief duties will be to see that barber schedules are maintained. You will be responsible for seeing that linens and supplies are adequate and that the repair and maintenance of hand tools and implements are arranged for.

SCHEDULES

If one of your duties consists of scheduling, remember that schedules should be arranged so that every member of the crew may receive a haircut at least semimonthly. The best way to accomplish this is to establish a divisional haircut schedule which provides for barber service to a certain division or group of divisions on specified dates.

Arrange your schedules so that approximately the same number of men are served each day. Officers and chief petty officers usually have a separate barber assigned to them, if possible, in order to prevent interference with other schedules. Service to chief petty officers and officers is normally regulated by means of appointments. If you use the appointment system, be sure the patrons are notified of the time of the appointment and that they understand that failure to meet an appointment will result in time lost to other patrons.

RECORDS

Few records and reports are required. Supplies are the maintaining on which a record should be kept. Since supplies used in the barbershop are charged to the cost of operation of the ship's store, they must be accounted for. You should devise some simple system that will show what you have drawn from the bulk storeroom and what you have on hand. Inventories of supplies in the shop should be kept to a minimum. Other records should include one showing services rendered and one showing the schedule of appointments.

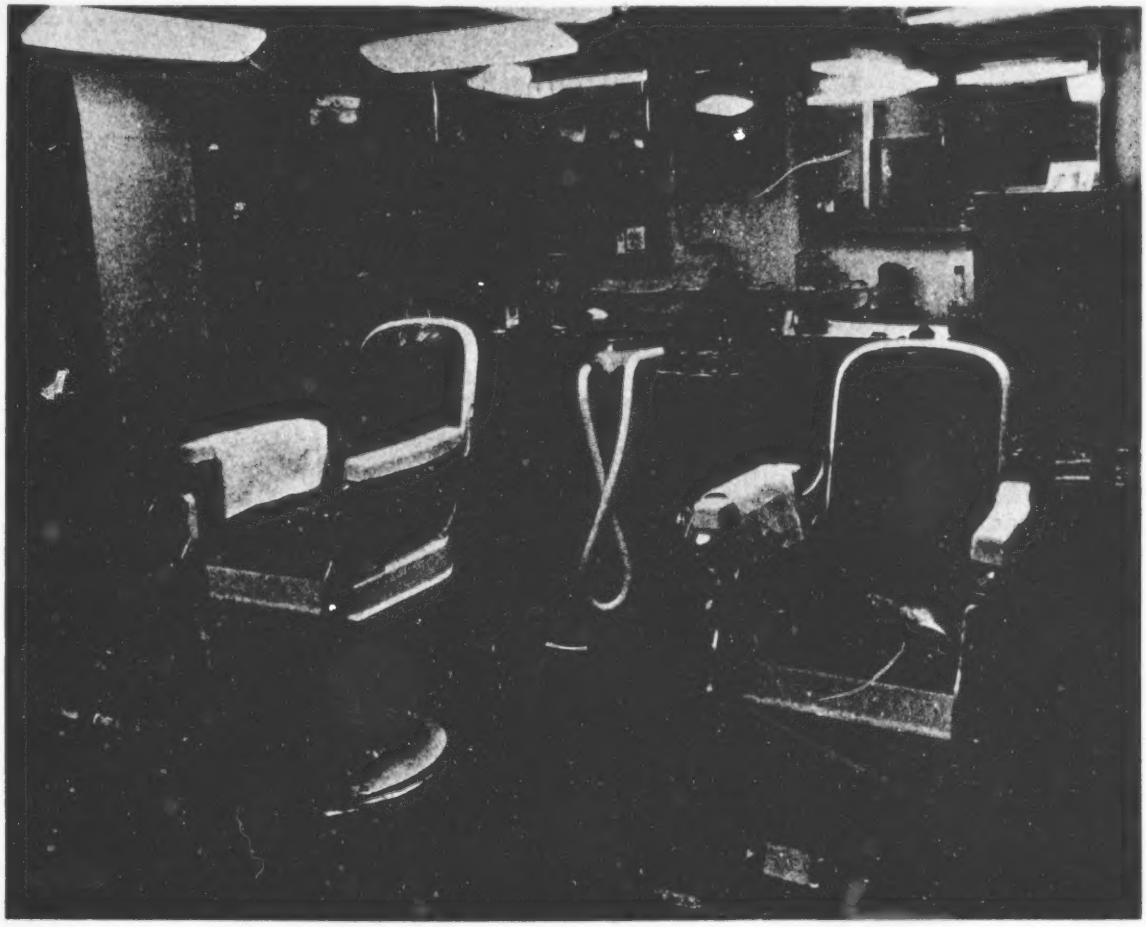

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Figure 11-3.—A typical barber shop found on larger type ships.

APPENDIX I

AUTHORIZED STOCKS

Items of the following broad categories may be procured for stock, for resale, or for use in the ship's store. Price limitations indicated apply to the cost value of the item. Items on the list preceded by an asterisk are subject to Federal manufacturer's excise tax:

Appliances and accessories
- Coffeemakers, electric ($42 cost limit)
- Irons, electric ($20.25 cost limit)
- Radios, portable or table:
  - All wave bands ($75 cost limit)
  - Standard ($49 cost limit)
  - Transistor ($55 cost limit)
- Record players, table and portable ($82.50 cost limit)
- Records, phonograph
- Tape for recorders
- Tape recorders ($75 cost limit)
- Toothbrush, electric ($21 cost limit)

Athletic supplies
- Baseball, basketball, boxing, and softball equipment (except uniforms and shoes)
- *Fishing equipment ($28 cost limit) (rods, creels, and reels, and artificial lures, baits, and flies are subject to federal manufacturer's excise tax)
- Socks
- Sweat shirts (including those with ship's distinctive marking)
- Swim trunks
- Supporter, athletic
- Tennis equipment (except shoes)

Clothing items
- Only as authorized in Navy Price List Men's Clothing Stores

Confections and food products (food products in individual sizes)
- Beans
- Candies
- Cheese
- Chewing gum
- Chips, corned, tinned
- Chips, potato, tinned
- Cookies and crackers
- Fruit, dried
- Ice cream
- Juices, fruit and vegetable
- Marshmallows

Confections and food products—continued
- Meats, tinned
- Milk, fresh
- Nuts
- Peanut butter
- Pickles
- Popcorn
- Potatoes, shoestring, tinned
- Raisins
- Sardines
- Sausage sticks, dried

Hobby shop
- Material, games, and supplies ($17.50 cost limit)
- Power tools ($55 cost limit)

Jewelry
- Bracelets ($7 cost limit)
- Charms ($2.10 cost limit)
- Clips or pins, tie or collar ($4.90 cost limit)
- Clocks, alarm or travel ($20.25 cost limit)
- Compacts ($7 cost limit)
- Cuff links ($7 cost limit)
- Earrings ($7 cost limit)
- Identification chains ($3.50 cost limit)
- Lockets ($7 cost limit)
- Necklaces ($7 cost limit)
- Pins ($7 cost limit)
- Religious items ($6.75 cost limit)
- Rings ($49 cost limit)
- Watches ($49 cost limit)
- Watchbands ($5.50 cost limit)

Luggage and leather goods
- Billfolds
- Bags, plastic, suit
- Flight bags, canvas or nylon
- Furlough bags
- Utility toilet kits ($7 cost limit)

Photographic supplies
- Albums, photo
- Accessories ($55 cost limit)
- Cameras ($82.50 cost limit)
- Chemicals

- Photographic supplies—continued
  - Film
  - Papers
  - Photo mailers
  - Projectors ($82.50 cost limit)
- Service activity supplies
  - Barber supplies
  - Cobbler supplies
  - Dry cleaning supplies
  - Fountain supplies and beverages:
    - Beer
    - Cones, ice cream
    - Flavors
    - Fountain tools
    - Milk beverages
    - Milk, instant, nonfat, dry
    - Mix, ice cream
    - Paper and plastic fountain products
    - Syrups
    - Soft drinks
    - Spoons, wooden or plastic
    - Toppings
  - Laundry supplies
  - Tailor supplies
  - Vending machine supplies
- Stationery supplies and periodicals
  - Books, note and record
  - Books, paperback
  - Cards, greeting
  - Cards, post (with ship's picture)
  - Envelopes
  - Ink
  - Leads
  - Magazines
  - Paper, writing (including paper imprinted with ship's distinctive marking)
  - Pencils, mechanical ($10.50 cost limit)
  - Pens, ballpoint
  - Pens, fountain ($17.50 cost limit)
  - Photographs, ship's
  - Portfolios, writing
  - Refills, ballpoint pen
  - Stationery, boxed
  - Tablets, writing
- Sundries
  - Batteries, flashlight
  - Boxes, soap, plastic
  - Brooms, whisk
  - Brushes:
    - Clothes
    - Scrubbing
    - Shoe
  - Bulbs, flashlight
  - Cards, playing
  - Cleaner, braid
- Sundries—continued
  - Clippers, nail
  - Cloths, shoe
  - Cloths, wash
  - Combs
  - Cups, coffee
  - Emblems, cloth embroidered with ship's distinctive marking
  - File, nail
  - Flashlights
  - Games
  - Glasses, sun
  - Gloves, work
  - Hangers, coat
  - Key rings and chains
  - Kits:
    - Marking
    - Sewing
    - Shoe
  - Knives, pocket and sporting
  - Laces, shoe
  - Mirrors
  - Needles
  - Padlocks
  - Polish, metal and shoe
  - Scissors (including nail)
  - Shoe trees
  - Slippers, shower
  - Starch, spray-on
  - Thread
  - Tweezers
  - Vacuum bottles
- Tobacco products and smoking accessories
  - Cases, cigar and cigarette
  - Cigarettes
  - Cigars
  - Flint
  - Fluid, tinned
  - Holders, cigar and cigarette
  - Humidors ($4.50 cost limit)
  - Lighters (including lighters imprinted with ship's distinctive marking)
  - Matches (including matches imprinted with ship's distinctive marking)
  - Papers, cigarette
  - Pipes
  - Pipe accessories
  - Pouches
  - Tobacco, smoking
  - Wicks
- Toiletries
  - Antiseptic, solution (mouth wash)
  - Blades, razor
  - Brushes:
    - Hair

Toiletries—continued
- Brushes—continued
  - Nail
  - Shaving
- Creams
- Dental Floss
- Dentifrice
- Deodorant
- Fragrances ($7 cost limit)
- Holders, toothbrush
- Lotion:
  - Hand
  - Shave
  - Sun tan
- Oils and tonics, hair
- Pomade, lip
- Powders, foot and talcum
- Prophylactics, rubber
- Razors, electric and safety
- Sets:
  - Manicure ($5.50 cost limit)
  - Toilet, men's ($7 cost limit)
- Shampoos
- Sharpeners, razor blade
- Soaps
- Styptic pencils
- Tissues, cleansing
- Toothbrushes

Toiletries—continued
- Vaseline

Uniform accessories and retail clothing items
- Braid, black and gold
- Buttons, all uniforms
- Covers, cap:
  - Khaki, white
  - Rain
- Collars, cloth and paper linen
- Devices, cap and collar
- Frames, cap, officer, commissioned or warrant
- Gloves, uniform
- Handkerchief, men's
- Insignia, breast, sleeve, all types
- Shoulder marks, all types
- Shirts, khaki and white
- Socks, ankle and full length:
  - black, khaki, and white
- Straps, chin
- Swords and scabbards) Procured for
- Sword belts) special order
- Sword knots) only
- T-shirts (including those with ship's distinctive marking)
- Ties, uniform
- Trousers, uniform, khaki and white
- Undershorts

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